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BANKING

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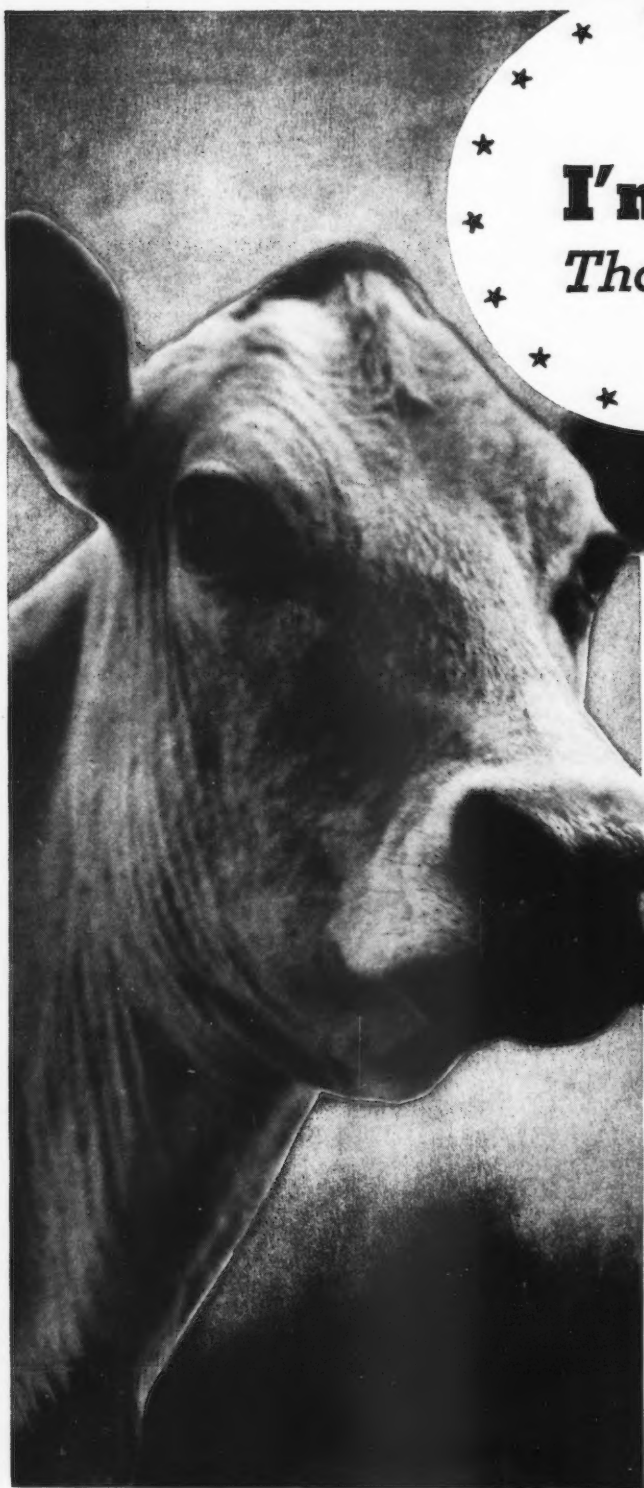
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JANUARY, 1943

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WASHINGTON . . . NETWORK AND NEWS . . . BOOKS AND READING
W. B. . . ANALYSIS . . . INSURANCE



★ ★ ★
★ ★ ★
★ ★ ★
I'm the Lady...
That Liquidates Loans
★ ★ ★



My name is Bossy. I make milk. Milk makes butter and buttons, cheese and casein, condensed and dehydrated dairy foods for shipment overseas. Bankers respect me because I bring in a milk check every month. I earn the kind of cash that makes steady payments on borrowed money.

I'm doing all right, Mr. Banker, because I am a high producer. But thousands of my sisters, just average cows, are being sent to slaughter. This is wrong because their milk is needed to nourish growing children and to feed fighting men. Yet cows must die because Mr. Farmer is losing the labor it takes to milk and care for us.

Cows are competing with crops. Mr. Farmer can't be in the field and in the barn at the same time. A machine that saves him an hour a day in the field gives him time to take care of several cows. Loans to farmers who under rationing regulations may have a chance to buy badly needed machines will save cows' lives. So will loans to buy cows released from good herds.

★ ★ ★

This company believes that banks can render a vital service to country and clientele by loaning deposits to promote food production. Case dealers are in close contact with farmers, know their needs, and are excellent judges of farming efficiency. They will gladly cooperate with you in finding proper places for food production loans. J. I. Case Co., Racine, Wis.

CASE

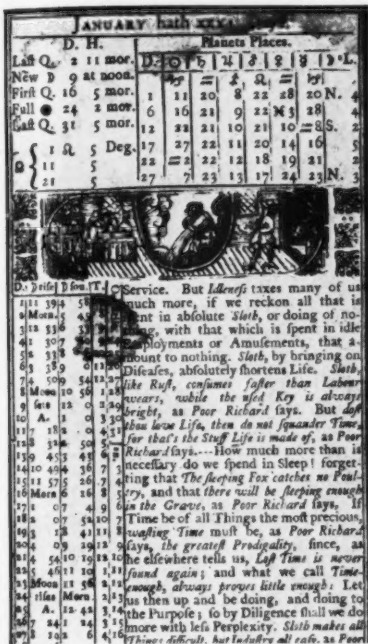
SERVING AGRICULTURE *Since 1842* IN PEACE AND WAR

Just a Minute

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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1943

WE START the New Year under the sign of Poor Richard; a January page of his Almanack is reproduced above.

It's a particularly appropriate page, too, for this year of hard fighting and hard working.

"If Time be of all things the most precious," he observes, "wasting Time must be, as Poor Richard says, the greatest Prodigality, since, as he elsewhere tells us, Lost Time is never found again; and what he calls Time-enough, always proves little enough. Let us then be up and doing, and doing to the purpose..."

The Almanack leaf pictured was loaned to us by Goodspeed's Book Shop in Boston. It comes from the 1758 edition which, says the Shop's expert in Americana, "is the most interesting of all the Poor Richard Almanacks because it contains the collected 'sayings.'"

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TWO JOBS, *not one*

The National Cash Register Company is working round the clock — turning out precision instruments and vital war materials . . . that's job No. 1.

But we are helping on another front, too . . . the whole broad front of business and industry . . . that's job No. 2.

Here, where Nationals bring efficiency and time-savings . . . release manpower for war duties . . . help plants keep accurate, simplified, up-to-the-minute records . . . enable those who serve our civilian population to control income and expense figures . . . we still have a job to do.

It's our wartime job to suggest ways to get even greater production from National

equipment, and to keep that equipment running without interruption.

For this part of our task, we are maintaining 344 offices throughout the United States and Canada, manned by experienced systems men and factory-trained mechanics.

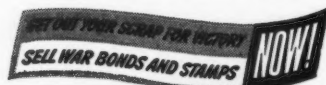
Each office is stocked with factory-made repair parts. Also, we still have available a limited number of new and used National Accounting-Bookkeeping Machines which may help you through this emergency.

We want to serve you. We believe we can be of real help to you. Your National representative is as near as your telephone. Call him.



The National Cash Register Company

DAYTON, OHIO



JUST A MINUTE—Continued 194?

THE QUESTION mark is the "x" in the war equation—that unknown quantity, the war's end.

Thoughtful people are not waiting for that event, however, to plan post-war programs for living. Bankers and business men everywhere are wondering not so much how the world will look when the guns have gone, as how we can bring together the pieces and reconstruct the lives of free men.

In this issue **BANKING** begins its contribution to the post-war study. Ours is primarily a reporting job, accompanied by some interpretation, of how business views the future, and our series of articles, starting this month on page 75, will endeavor to reflect such essentials as post-war housing, consumer goods, transportation.

We make no pretensions at prophecy ourselves, but we shall take notes on what the prophets are saying and pass along some of their views.

"The American Eagle"

THE STIRRING message on page 19 speaks for itself, but a bit more background may increase its interest.

MR. ALLEN, the author, was the familiar "Uncle George" of the American Institute of Banking, known and loved by thousands of bankers across the coun-

try during his many years of service on their behalf. He was assistant secretary of the A.I.B. at the time of its organization in 1900, becoming secretary at a later date and subsequently educational director.

BANKING reprints "The American Eagle" 25 years after it was given to a Chicago convention of the Institute. MR. ALLEN, ill, couldn't attend, but the Chicago Chapter president, **BRUCE BAIRD**, read it to the bankers.

Leaders

NATIONWIDE RATION banking and the Victory Fund campaign are still headline subjects for bankers. We cover both again this month (of course), bringing you the latest available information and ideas in pictures as well as text.

Read These, Too

SEVERAL other substantial articles await your attention.

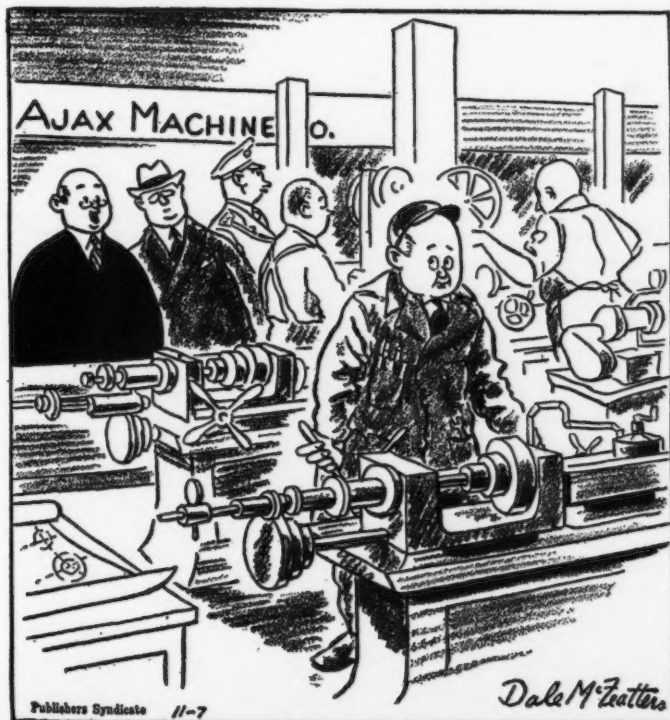
On the Legal Answer Page there is a discussion of director indemnification.

On another page, Tax Expert **LASSER** talks about the effect of the new revenue law on the cost of borrowing, and makes some points that may surprise you.

RICHARD S. DOUGLAS goes into that increasingly important subject, loans on accounts receivable.

Although a bit sugar coated, there is a nourishing repast in the picture section (CONTINUED ON PAGE 5)

"Why, there's my stockbroker!"



BUSINESS NEED NOT "FLY BLIND"

Our services chart a safe course through problems involving income and estate taxes, insurance.

The AMERICAN
APPRAISAL Company
CONSULTANTS IN PROPERTY ECONOMICS



SPECIALISTS IN—

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and
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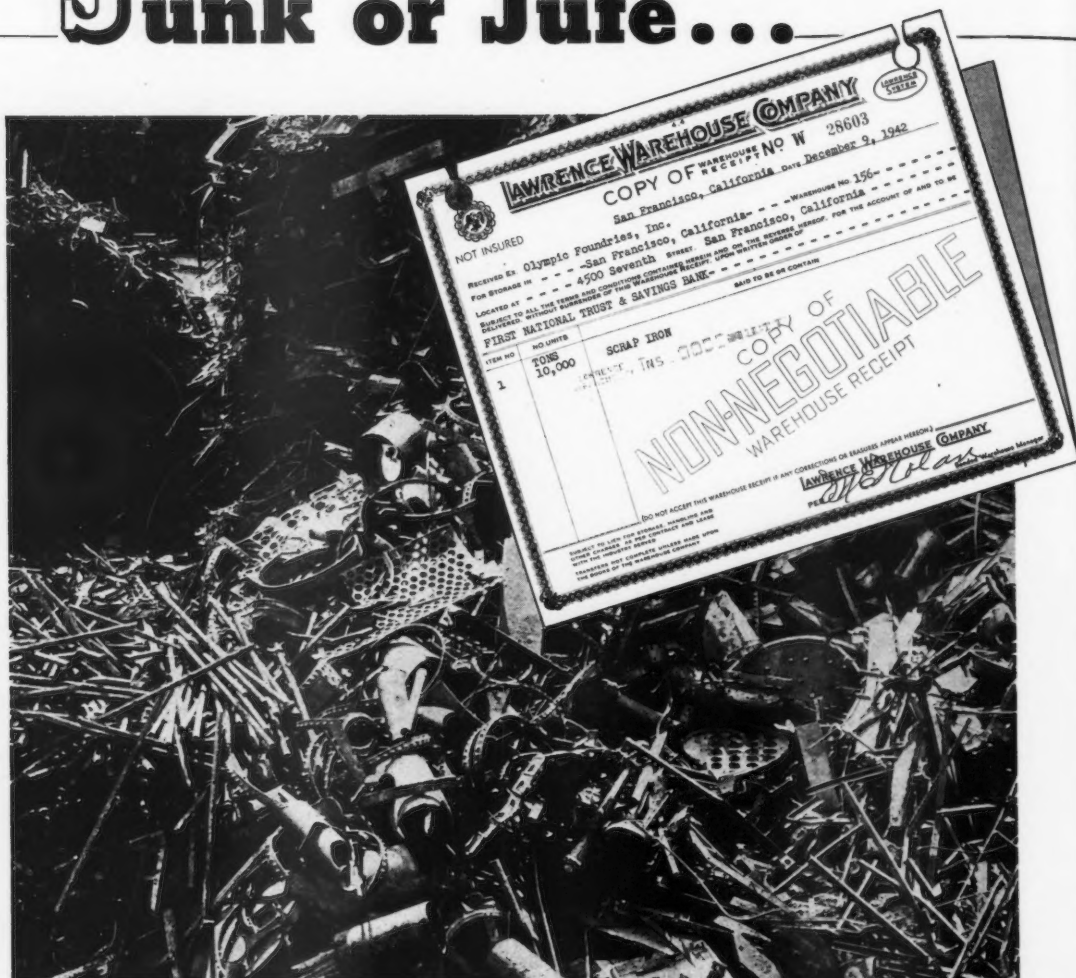
48 Wall Street, New York

Chicago • Boston • Philadelphia
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Direct Wires to all Offices



Junk or Jute...



Almost any inventory

is collateral for bank loans

Of course your bank wants to help finance war production material to the limit of its ability. The easiest way to effect new loans safely is through the use of Lawrence System field warehouse receipts. Your bank is protected and the borrower gets urgently needed capital while inventory remains on his premises in warerooms, yards, bins, tanks, as raw material or as finished product. Lawrence System field warehousing is available from coast to coast. Get full information from any Lawrence office.



LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W.P. Story Bldg.
Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C. • Jacksonville, Fla.
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

JUST A MINUTE—Continued

where you'll learn—if you haven't already figured it for yourself—how many days in 1943 you will be working for the Government.

The Wimmmin

OMITTING THE exclamatory benediction that usually accompanies the two words above this paragraph, we call attention to "Women About Banks" which MARY LEACH of BANKING's staff wrote for this and the next issue.

Although the girls now seem to be taking over in earnest, they're really old hands at the banking business, as Miss Leach's researches show. At present there are nearly 75,000 of 'em working for banks, but bankers can anticipate employing another 50,000 in the next two years if the war lasts that long.

By the way, males are quite at liberty to read "Women About Banks."

Another Chip

THE WOODS wondered, no doubt, why their durable name was omitted from "A Chip Off the Old Block," published in the December magazine.

If they read carefully—as of course they did—the members of the Wood clan noticed that two Wards appeared in the list of leading (numerically speaking) families in banking. Well, the second Ward should have been Wood. That name tied with Curtis and Ford at 58 bank officer directory listings.

Books

BANKING'S BOOK page makes some changes this month. Two-thirds of the space is devoted to a bibliography of

books and articles on a variety of currently important subjects; the other column contains a few brief book reports.

The bibliography is to be supplied each month by Miss MARY McLEAN, A.B.A. librarian, and her staff.

"V" Books

THE 1943 VICTORY Book Campaign hopes that banks will serve as depositories of books for American soldiers, sailors and marines at home and abroad. Ten million volumes is the goal for this year's drive which is to extend from January 5 through March 5.

Sponsored by the American Red Cross, the American Library Association and the USO, the committee in charge wants donations of current best sellers, adventure and western stories, technical books (architecture, aeronautics, chemistry, drawing, machine mechanics and design, photography, physics, radio and shop mechanics), humorous books, pocket editions, spiritual stories. Magazines are *not* wanted.

Also, donors are asked to remember that it's not quite cricket to give the boys the books you want to throw away. They're interested in books of the hour—books in good condition.

Men embarking for foreign parts can take one volume to read during the voyage. Wouldn't it be interesting to know what book is first choice?

Service Men and Estates

HERE'S A letter from a former banker now with the Coast Guard, prompted by Albert Journeay's article "New Business in the Trust Field" which BANKING published in October:

Women clerks of a Sydney, Australia, bank, cheer veterans of the Australian Imperial Forces who saw action in Bardia, Tobruk, Crete and Greece



PRESS ASSOCIATION

R. G. RANKIN & CO.

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PUBLIC
ACCOUNTANTS

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of
Banks and Trust Companies
for
Directors' Committees

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CHICAGO
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insurance on personal loans
gives economical protection
to both lender and borrower.

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CREDIT LIFE
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COMPANY
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The largest independent
company exclusively insuring
the lives of borrowers.

309 W. Jackson Chicago

"Hardly a day passes that some Navy or Coast Guard officer doesn't come to me and ask for advice on some problem relating to estates.

"It is surprising how many of them are executors or administrators who have gone into the service without making any preparation for the handling of these estates during their absence, aside from appointing some real estate agent to collect rents for them. Many control long lists of stocks and bonds, most of which are totally unsuited for such a portfolio and many of which are suffering acutely from the war.

"When I tell them how a corporate

executor or agent could have eased their minds of these problems when they left for the service, their invariable comment is 'But I thought that trust companies were only interested in million dollar customers!' This proves that we still have a tremendous education problem ahead of us."

A.P.O.

BANKING'S LIST of A.P.O. (Army Post Office) address stencils is rapidly increasing. A number of our soldier readers, writing to request redirection of the magazine, speak of the value of maintaining a connection with their profession.

Private WALDO LUNDGREN, formerly of the First National Bank and Trust Company, Minneapolis, wrote that he appreciated "the contact with the former work" which BANKING provided. (He also enclosed a one-pound note for renewal of his subscription.)

Corporal ALBERT C. WORNER, writing from Camp Adair, Washington, said: "It certainly is good to catch up on my banking now and then, and try to keep abreast of the times. It is also encouraging to learn that all the United States banks are doing so much toward helping us win this war and the peace that will follow." Corporal WORNER was formerly with the American Trust Company in San Francisco.

Change of Address

FROM THE Central Bank of China in Chungking came an air mail letter the other day requesting us to send the bank's BANKING by air mail hereafter.

It seems that the magazine had been going to the Bank in Hongkong, but, said the letter, "inasmuch as Hongkong is under the military occupation of the enemy, it is necessary for us to change our address. From now on please send us your magazine directly to this office in Chungking."

Incidentally, none of the copies addressed to Hongkong had been received.

It Was a Good Story

THE CHICAGO Sun published this story early in December under the heading: "1,584-Year Job to Tally \$1 Bills in New Budget":

"Current predictions have it that the Federal Budget for 1943-44 will aggregate \$100,000,000,000. If anyone has any doubt that this is a lot of money, he might turn to the current issue of BANKING, which gives a few graphic comparisons.

"One hundred billion dollars genuinely rates the term 'astronomical,'

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

Service—Maintaining an intimate, personalized correspondent bank service.

Experience—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

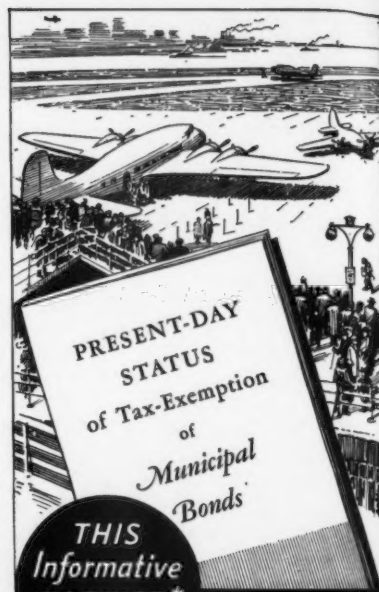
Policy—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.



Resources over \$200,000,000

ESTABLISHED 1908

MEMBER
NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION



THIS
Informative
BOOKLET*
TELLS

Why Municipal Bonds Have Had Certain Tax Immunities

Whether municipal securities will continue exempt from Federal income taxes is a question of vital concern not only to investors but to taxpayers.

3 IMPORTANT TOPICS

The above illustrated booklet tells why municipal securities have had certain tax immunities; reviews previous attempts to subject them to taxation; and discusses their investment position if this tax freedom is removed.

* SENT ON REQUEST as a service to investors, together with Ready-Reckoning Chart showing whether tax-exempt or taxable bonds yield more at your level of income. Write for KC-62.

HALSEY, STUART & CO. Inc.

CHICAGO, 201 S. LA SALLE STREET
NEW YORK, 35 WALL STREET
AND OTHER PRINCIPAL CITIES

How Much of this Tank was Built by a Bank?



This Tank Was Made in America. The raw materials blasted from American rock, dug from American soil. » » And when they were finally smelted and processed into metal—a factory in Michigan built the engine. Another, in Pennsylvania, fashioned its armored body. Still a third, in Ohio this time, fabricated the huge treads. An arsenal in Iowa will furnish the guns in its turret. A boy from Maine will make them spit—while another boy, from California, sits at the controls. » » America owes much to industry's ability to start in high—to meet the urgent demand for "more" with breath-taking speed . . . and to her great Financial Institutions which have geared themselves to the urgency of the times, and the battle of production. » » For, in all this,

America's Banks are the Active Partners—supplying the funds, handling the multitudinous, complicated financial detail necessitated by *all-out effort*. » » And practically every transaction involved in the building of tanks, of planes, of ships and guns—is Paid-By-Check, drawn on an American Bank. » » Today—*checks are money!* Their wide use and ready acceptance is greatly facilitated by a special type paper—Safety Paper—which affords protection against fraudulent alteration—a product invented in 1871 by George LaMonte. » » A very large majority of the nation's banks and corporations protect their checks by using Safety Paper. Many have their trade mark or special design incorporated in the paper, which we furnish through leading Printers and Lithographers.

GEORGE LA MONTE AND SON, Nutley, New Jersey



LA MONTE *Safety* PAPER



AGAIN WE SAY: DEPENDABLE SERVICE

One year ago, at a time when statistics were being quoted to prove that there was going to be a big shortage of paper, we stated in this publication that we hoped to serve more banks than ever in 1942, and that we expected to do it as carefully and as quickly as in the past.

We further stated that we didn't believe there would be any restrictions placed upon the use of bank checks because any curtailment would increase the use of currency.

Now, a year has gone by and, once again, the question is being raised about the scarcity of paper. We don't know any more

about it than anyone else but we still believe that there will be plenty of paper available for bank checks.

According to certain officials, there is already \$5,000,000,000 more in circulation than is necessary even in our expanded economy, and so, as we begin this new year, we do so with confidence that we will serve more banks than ever before and will serve them just as carefully and as quickly as in the past. We

said this last year, having served 4175 banks per month in 1941. We say it this year, having served 4280 banks per month in 1942.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

FINANCING WAR PRODUCTION

Located in America's armament center, this bank is especially equipped to deal with financial problems arising from war production.

Pledged, as we are, to do all in our power to further the prosecution of the war, we have set up a War Loan Division, experienced in the analysis of war contracts and familiar with the requirements of the armed services and other governmental agencies.

We offer our services not only to local companies in need of war production loans but also to our correspondents throughout the country whose transactions with Detroit war industries can be expedited by our special and direct attention to their needs.

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

DETROIT, MICHIGAN

JUST A MINUTE—Continued



Our exclusive weapon

according to BANKING, since if that many dollar bills were laid end to end they not only would reach the moon, but would cover the route there and back 20 times.

"Or, to cite another illustration, if dollar bills could be used as paving blocks, 100,000,000,000 of them would make a highway 50 feet wide long enough to go almost twice around the earth at the equator.

"Or, if Senator Pat McCarran (Dem., Nev.) had his way and the \$100,000,000,000 was converted into silver dollars, it would require a train 246 miles long to haul them, with 100 tons of cart wheels to the car.

"Or, if one prefers comparisons in terms of time, he might like to know that a bank clerk setting out to count this number of dollar bills, and counting at the rate of two a second, would have had to have the foresight to start in the year 358 A.D. if he wished to finish the job this year."

Birthdays

THE PEOPLES NATIONAL BANK of Tyler, Texas, and the SECURITY TRUST COMPANY of Rochester, New York, recently celebrated their 50th birthdays with anniversary booklets.

Thought for a New Year

CALVIN COOLIDGE is quoted as saying that the four New England commandments were:

*Eat it up.
Wear it out.
Make it do.
Do without.*

It looks as though Mr. Coolidge scooped the OPA by a good many years.

JOHN L. COOLEY

BANKING

Your Reading

Rationing

WARTIME RATIONING AND CONSUMPTION. Economic Intelligence Service, League of Nations. Columbia University Press. 87 pp. \$1.

THIS study concerns "the impact of war controls and rationing on consumption and standards of living in countries for which information is available." Extensive data are presented and analyzed, but the material of necessity does not cover the United States for the good reason that the figures are as of the Spring or early Summer of 1942 when our rationing was in its infancy. For the United Kingdom, occupied and unoccupied Europe, and in some instances Japan, there is valuable statistical information on many phases of consumption control.

Post-War

ECONOMIC CONSEQUENCES OF THE SECOND WORLD WAR. By Lewis L. Lorwin. Random House. 510 pp. \$3.

THIS book is a survey and analysis of "the social-economic ideas and programs which underlie the present war and which will emerge as issues of practical politics when the war is ended." It outlines and contrasts the ideologies of Nazidom and the democracies, the Axis plans for a "new order" and the post-war reorganization programs for Great Britain and the United States. It also sets forth social-economic trends that will bear on democratic post-war policy and sketches a "World New Deal" which the author offers as "a starting point of practical action." Mr. Lorwin is an economist.

Toward March 15

YOUR INCOME TAX. By J. K. Lasser. Simon and Schuster. 151 pp. \$1.

THAT person is indeed gifted who will not need the personal services of a C.P.A. or a guide book in making out his Form 1040 or 1040A during the next few weeks. Mr. Lasser's yellow-covered pamphlet, widely distributed, is familiar to thousands, and was the first of the new crop of income tax helpers to reach BANKING's desk.

For distribution by banks to their customers, Tax Publications Company of Boston offers a pocket-size folder digesting important changes in Federal taxes, with schedules.

The A.B.A. Library Suggests:

Bank Earnings

Mid-Continent Banker. HOW CAN BANKS INCREASE EARNINGS? December 1942, p. 7. Views of eight representative bankers in this area.

Home Front

Hopkins, Harry. YOU AND YOUR FAMILY WILL BE MOBILIZED. *American Magazine*, December 1942, p. 18. Advocates a startlingly drastic plan for making every American available for war service.

Manpower

New York State Banker. WAR EFFORT SURVEY. December 7, 1942, p. 1. Shows that one year after Pearl Harbor 718 commercial banks of New York State were carrying on an unprecedented war activity program despite the loss of 10,108 employees out of 34,000.

Young, Edward Hilton (Lord Kennet). REPORT FROM COMMITTEE ON MANPOWER IN BANKING AND ALLIED BUSINESSES, IN ORDINARY INSURANCE, AND IN INDUSTRIAL ASSURANCE. London. H. M. Stationery Office. October 1942. An interesting picture of the changes that more than three years of war have brought in the banking personnel of Great Britain.

Postwar Reconstruction

Beveridge, Sir William. BEVERIDGE ON THE BEVERIDGE REPORT. New York, British Information Services, December 2, 1942. A radio speech outlining significance of his plan.

Hanighen, Frank C. THE SHAPE OF THINGS IN BRITAIN. *Harper's Magazine*, December, 1942, p. 11. From various published statements and private conversations, Mr. Hanighen has pieced together an interesting picture of what the planners in Great Britain are forecasting for after the war.

Salaries

Lutz, Harley L. THE SALARIES LIMITATION ORDER. *The Tax Review*, November 1942. An analysis of the two reasons advanced for this step.

Socialized Credit

Economist (London). BANKS IN THE DOCK. October 10, 1942, p. 441. A refutation of the indictment that banks are a monopoly.

Taxation

National City Bank of New York Letter. COMPARISON OF UNITED STATES AND BRITISH TAX RATES. December 1942, p. 140. When all types of taxes are considered, the over-all tax burden in the United States does not appear much less than the burden of Great Britain.

Tunisia

Copp, Phillip M. TUNISIA—ECONOMY OF VITAL PROTECTORATE. *Foreign Commerce Weekly*, December 5, 1942, p. 10. A factual report on the economy of the smallest and least populous but now the most vital of the French territories in North Africa.

Womanpower

Association of Bank Women. WOMEN IN BANKING. 1942. A special survey showing what jobs are now being filled by women, others that can be filled, and still others for which they would probably be unqualified.



The National Prospect

EWING GALLOWAY

HERBERT BRATTER

Washington, D. C.

Wartime Senate

NOT HAVING visited the Senate gallery for several months, we stopped in one day recently. It was the seventh of December. Even on the sunshiniest days, the Senate chamber always gives the impression of a rainy day, since only artificial illumination from the skylights finds its way down through the network of steel beams with which the architect some time ago reinforced the ancient roof. That afternoon the space seemed gloomier and emptier than ever. Senator Pat McCarran was performing a one-man filibuster on silver, inaudibly reading from a book. Only three or four other Senators were present, and these were holding private conversations of a seemingly humorous nature.

Being curious to learn from what book the silver-bloc spokesman was reading, we turned next day to the Congressional Record, and found that the book was the hearings held in 1931-32 by the House Committee on Banking and Currency. That volume, of course, had no connection with the subject then theoretically before the Senate.

"Mr. President," the official stenographer heard the silver-tongued Ne-vadan softly exaggerate, "not many Senators are listening to me now." None the less, the Senator went on, for a couple of hours. He referred to his new silver bill—there always is a new silver bill, whenever the program is under question—and confided that it would have the approval of the Treasury and the WPB. He told the empty chamber

about an East Indian, "the richest man in all the world," he talked about the gold at Fort Knox, and he read at length from some ponderous-looking books.

And that, ladies and gentlemen, is how the Senate observed the first anniversary of Pearl Harbor, as recorded in some 30 columns of small print in the Congressional Record.

Controlling price control

GOVERNMENT QUESTIONNAIRE and regulation drafters have been getting it

War Department Directive

The War Department informs the American Bankers Association that the Secretary of War has directed that all funds, unit organizational or personal, sent to or from foreign stations will be transferred by U. S. postal money order only. These money orders must carry no more information than the signature of the individual or custodian and the APO number.

A proposal for cable and radio transfers within the framework of existing governmental facilities was still under consideration by the Department as this was written.

in the neck from various angles, and this battle of words is likely to continue as long as the emergency and free speech coexist. Washington newspaper readers have been getting, for a change, the businessman's side of the story.

We were interested in some of the statements of the Hecht Company of Washington, relating to operation of a department store under price control. Among the statements are the following: Five bound volumes of OPA rules and
(CONTINUED ON PAGE 12)

PRESIDENT HONORS PRODUCTION SOLDIERS

Ten of the nation's war plant production soldiers were honored for their outstanding contributions to the war by President Roosevelt at the White House. Grouped around the President, *left to right*, are: Herbert R. James, McKeesport, Pa.; George Smolarek, Detroit; Walter P. Hill, Detroit; William G. Marshall, of the WPB production staff; Edwin C. Tracy, Camden, N. J.; Clinton R. Hanna, East Pittsburgh, Pa.; Stanley Crawford, Camden, N. J.; Daniel W. Mallett, Rockford, Ill.; Joseph H. Kautsky, Indianapolis, Ind.; James A. Merrill, Akron, Ohio; WPB Chief Nelson; and Madison E. Butler, Rochester, New York



INTERNATIONAL NEWS
BANKING

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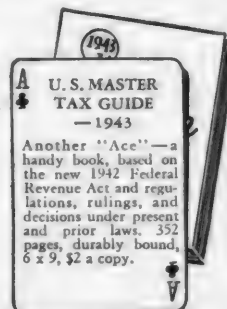
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NATIONAL PROSPECT—Cont.

regulations contain 13,423 pages of print, or more than 11,000,000 words. The store has printed 80,000 forms to be filled out for OPA inspection.

To keep up with OPA rules, the company employs a special staff of 27 persons at an annual cost of about \$40,000.

In connection with a \$162 purchase of fancy pillows comprised of 104 different designs, a separate price ceiling for each had to be posted.

Sometimes a stock is sold out before OPA gets around to fixing a ceiling. That was the case with the pillows, and was OPA mad!

False hope

OUR HEART jumped when we read the heading of an OPA release, "Two Commodities Removed from GMPR," but we were a bit disappointed on reading further to discover that the two articles of commerce referred to were only "Bottled Egg Nog" and "Tom and Jerry Batter." Probably the dispensers of those indispensable—sometimes—ingredients were disappointed, too, to note that OPA had simply moved them over to the wholesale and retail price coverage of MPR 249 and 250.

News is as you see it

THE LONG-AWAITED announcement of the results of the WPB-Army struggle for dominance made its appearance on WPB's press release rack on December 4. Washington's *Evening Star* headlined the story "WPB Wins Fight for Control of War Output." The *Washington Post* captioned its account "WPB Loses Fight to Rule Production." If you want to know which was right, send to WPB for its release WPB-2207. But we won't promise that you'll be much the wiser.

Four of the notables who attended the dinner closing the National Association of Manufacturers' War Congress in New York last month. Left to right, William P. Witherow, retiring president of NAM; General George Marshall, Chief of Staff, U. S. Army; Lieutenant General Knudsen, Army production chief; and shipbuilder Henry J. Kaiser



INTERNATIONAL NEWS
BANKING



INTERNATIONAL NEWS

Our biggest super battleship—the U.S.S. New Jersey—as it took to the water at Philadelphia just one year after Pearl Harbor. It is reported to be the heaviest sea-fighter ever built

Better write right

WPB CANNOT afford to make as many mistakes from now on as have been attributed to it in the past. In announcing a sharp reduction in the number of pens and pencils to be made in 1943, WPB also bans the use of crude and reclaimed rubber for erasers. Although "experiments are under way on substitutes for erasers," the only substitute for mistakes meanwhile is accuracy, unless it be another mistake.

Internal indebtedness

THE COMMERCE Department has published a new study of our internal indebtedness since 1929. At the end of 1941 the net indebtedness of individuals, business firms and the governments exceeded \$185,000,000,000. Bank deposits and the indebtedness of insurance companies to policyholders are not included in the figures.

Federal Reserve Bank notes

THE FEDERAL Reserve Board announces that, to conserve labor and materials, it has authorized the reserve banks to issue the existing stock of Federal Reserve Bank notes printed several years ago. A stock of about \$600,000,000 of the notes in denominations of \$5, \$10, \$20, \$50, and \$100 was on hand at the time of the announcement. Most people will probably never notice the reappearance of these notes. Few persons pay any attention to any part of a banknote other than the denomination, which of course explains the existence of counterfeiters.

Complicated values

THE USE of money as the measure of the value of goods and services has been encroached upon by the war in more ways than one. Ration coupons, of course, wherever used comprise a new and preferential form of money. Now



Canada has shipped to Russia tanks to the value of \$50,000,000. A further \$50,000,000 worth of other war materials have likewise been shipped to our Russian allies.

In 1942 Canada launched 1,000 tons of merchant shipping, or better than a new 10,000 tonner every four days—this in addition to minesweepers, corvettes and other ships of war.

During the year Canadian aircraft production reached a rate of 400 per month of nine different types.

These figures are indicative of the tremendous strides made in all phases of war production by Canada's 11,500,000 people since the outbreak of war. Canada's new armament industry, built literally from the ground up, will soon attain peak production.

THE ROYAL BANK OF CANADA

HEAD OFFICE—MONTREAL

NEW YORK AGENCY—58 WILLIAM STREET

{ This advertisement is published in the belief that our American neighbours will be interested in the facts presented. More detailed information is available on request to The Wartime Information Board, Ottawa, Canada. }

For new trust business

see

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Let us help your bank make the most of today's great opportunity for rendering profitable trust service.

the Selective Service System announces the basis of deferment of essential farm workers will be "a war unit." The latter is a measure of production of essential farm products equivalent, for example, to one milk cow, or 20 feedlot cattle, or one acre of apples, or five acres in dry beans, etc. A hog is 0.05 of a "war unit"; an acre of wheat is 0.07. For certain "non-essential farm products" no war unit credits are given. In this class are popcorn and garlic.

Incidentally, while ration coupons constitute a new kind of money, the approaching use of "point rationing" will introduce a further complication. The housewife will have to budget "points."

The simpler life

WE DID NOT realize how complicated life has been until receiving from WPB its nine-page (small print, of course) hardware simplification order, "one of

the most extensive simplification orders yet announced." We believe it. From a total of 27,000, the order reduces builders' hardware lines to "approximately 3,500 items."

Big Business in danger?

THAT THERE may be another side to the question of legislating help for the small businessman is suggested by a paragraph in a memorandum on the Ellender independent tire dealers bill, which almost passed the Senate in December. The memorandum was sent to rubber boss W. M. Jeffers by L. D. Tompkins of WPB. It reads:

"Passage of such a bill is fundamentally unsound. It is class legislation and, particularly for this reason, should not be approved in wartime. If approved, incentive would be provided for other retail marketing and servicing organizations affected by rationing to press for similar legislation. Under the bill only certain dealers will be permitted to sell tires, tubes, repair services, etc. If these dealers are allowed to continue sale of other related products such as gasoline, oil, automobile repair services, etc., such a policy would be, in effect, to subsidize these dealers while others handling similar lines would be prohibited from the sale of tires and tire repair services."

Tax relief

PERHAPS YOU are one of the lucky ones whom Treasury General Counsel Randolph E. Paul attempted to cheer up during a recent speech on the Revenue Act of 1942, when he announced that the act contains more relief provisions than any other act in our history. Maybe it should have been called the Taxpayer's Relief Act of 1942!

Wrestling with dat ole debbil

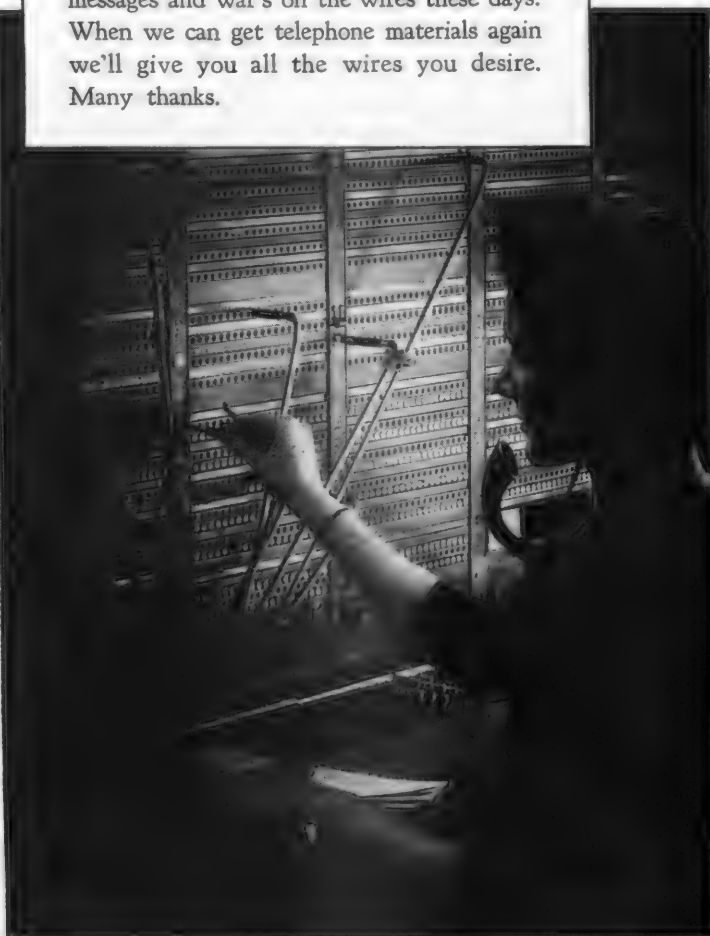
RECENTLY A group of Washington economists and others held a four-hour meeting on inflation without any preliminary attempt to agree on a definition of that elusive subject. "Inflation" seems to answer the description of that something which everybody recognizes and nobody can define. We used to think of inflation as a phenomenon characterized by the rapid loss of money's purchasing power. Rationing of goods, whether general or piecemeal, tends to reduce money's purchasing power overnight, yet we do not think of rationing as inflation. However, if your money, or just part of your money, loses purchasing power, you don't feel any better off than if "inflation" were the cause.

When thinking about inflation, it may help clarify the subject if one keeps in

"AN URGENT CALL FOR YOU"

"Please do not make Long Distance telephone calls to war-busy centers unless it is really necessary."

That helps keep the lines open for war messages and war's on the wires these days. When we can get telephone materials again we'll give you all the wires you desire. Many thanks.



BELL TELEPHONE SYSTEM





INTERNATIONAL NEWS

Admiral Chester W. Nimitz, Commander in Chief of the Pacific Fleet, holds his fifth press conference at Pearl Harbor for reporters representing the press of the United Nations

mind that the dollar in a war worker's pocket or savings came into existence through the creation, let us say, of a tank that is now probably discarded somewhere in the African desert, or of a ship that today may rest at the bottom of the Coral Sea. While no new wealth stands back of that dollar, yet it has the same buying power as another dollar which represents work done in building an irrigation system or a power line which can help produce things for the dollar to buy. Unless some way is found, by taxation or otherwise, to cancel the first-mentioned dollar, the problem of inflation remains.

Washington today

As a service to busy government employees, four banks in suburban Montgomery County, Maryland, announce evening hours of 5 to 7 P.M. Mondays. . . . Across the street from Mayflower Hotel a high-priced restaurant occupies former automobile showrooms, offering visiting contractors a good place to spend money. . . . Meanwhile the Truman Committee endorses operation of cafeterias for government employees at cost. . . . Wonder whether this includes as well the Senate restaurant, which recently raised its prices. . . . West Coast undertakers complain to Washington over trucking regulations requiring full loads going and coming. . . . While WPB scours the country for scrap, they overlook tumble-down iron rail fence surrounding Jefferson High School building, which WPB occupies. . . . Endless stream of trains carry war materials and troops within a pebble's toss of war agencies' windows along the only rail crossing of the Potomac between Harper's Ferry and the Atlantic.

Address change

Effective January 1, the address of the Washington office of the American Bankers Association is 719 Fifteenth Street, N.W.

Food Strategy

THE NATION's call for another year of record-smashing farm production in order to effectuate the food strategy of the United Nations has been taken to the farm leadership and the government agricultural workers of the nation by Secretary of Agriculture Wickard.

The Secretary met with his state USDA War Boards, and the state heads of farm organizations in regional meetings at Denver, Chicago, Memphis, and New York City in December. To them he presented the schedule of food needs of the armed forces, the allied nations, and United States civilians, and a program of government aid in obtaining supplies of labor, machinery, production goods, and transportation facilities. He outlined a program for mobilizing all the resources on each farm and in each community to do cooperatively the things that cannot be handled individually. He presented a plan also for mobilization in each county through the USDA War Board of all government services so that they may be applied effectively and on time to help each farm reach its goals.

The provision of labor supplies, including selective service deferments for necessary men, and other services will be in accordance with the needs of each farm for reaching its goals in the war crops and livestock.

The inventory of farm resources to be taken on each farm will include information on credit needs which can guide banks,—in fact all lending agencies in the provision of credit for war production.

The program will go into action in January with a National Farm Mobilization Day, followed by an intensive period of signing up production schedules and arranging for the provision of the necessary aids farm-by-farm. Agriculture is to be mobilized by March 1, 1943 for the most strenuous wartime food campaign in history.

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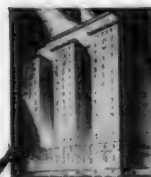


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A 25% reduction in room rates
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LOMBARDO
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Orchestra in the
ROOSEVELT
GRILL
Nightly except
Sundays

HOTEL
ROOSEVELT
MADISON AVE. AT 45th ST., NEW YORK
BERNARD G. HINES, Managing Director

THE GLORY OF DEMOCRACY

THE sacrifices that are needed in order to win the war are apparent to us all.

The Treasury's appeals to buy War Bonds, the Government's pleas to conserve gas and rubber, the economies required to avoid inflation, the necessity of rationing many essential commodities—all these have become vital in the minds of our people.

Necessity has awakened us, not only to the size of the task before us, but to the fact that our future as a nation is at stake; and in characteristic fashion *we-all* are responding.

Our hearts speak, our purses are open wide; and regardless of creed, or color, or political convictions, our honest differences of opinion are being dissipated before the issue that confronts us.

This is the glory of democracy: that a man may think as he will, speak as he will, vote as he will, and worship God in his own way; yet in the hour of peril to the State, that which is for the greatest good of all is not only his most compelling thought but the strongest prompting of his heart.

In that hour his thought is no longer of himself but of his country; and it is as though his soul were crying out those memorable words of Plato: "Man was not born for himself alone but for his country."

BUY WAR BONDS

 , President

INTERNATIONAL BUSINESS MACHINES CORPORATION

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

THE LIVELY PRESENT. Business in general is moving along at a peak of prosperity that no amount of government bond selling, tax budgeting, rationing, shortages and regulating seems able to affect.

From all sections of the country come reports of a sense of well-being which everybody knows is precarious and temporary but nonetheless real. This condition is particularly evident in industries and areas that are "in the money" but even from communities which have not been very active in war production comes the report that the urge to spend seems to be increasing as the supply of goods declines. The situation is still not so boomish as in the other war, but is serious enough, even discounting the effects of the holiday buying spree.

• **PUBLIC EDUCATION.** This spirit of spending is probably the greatest home-front threat of the moment. The biggest job of the year now starting is public education rather than a continued multiplication of controls.

Without waiting to decide just whose responsibility it should be to educate the public in this way, business could not find a better use for its employee programs, advertising and speaking activities than to persuade the public to curb spending, buy War Bonds and save the money.

An automatic check on civilian spending is developing, of course, through the inability of retailers, wholesalers and jobbers to replenish their inventories but this is not enough. Gas rationing will also have an effect on spending but may not do any more than shift purchasing to stores nearer home. Incidentally, the mortality of these small local businesses which are adversely affected in these various ways is becoming more and more of a headache as a real estate problem.

• **ORPHANS.** Financially speaking, the orphans of this war are persons with fixed salaries and those who depend on dividends and coupons for income. They are the people who have had to lower their standard of living. The recipients of stock and bond income are getting less this year than in the boom year of 1929 while wage and salary earners are having their incomes boosted by about \$25 billions.

• **THE OUTLOOK.** The business prospect for 1943 depends entirely on the war. However, the outline of things to come is fairly clear in certain details and the following seem to be the most important.

• **TAXES.** Higher taxes are certain. With war expenditures now exceeding \$6 billions monthly they are almost equal to the total civilian outlay for goods and services. After paying all personal taxes and buying all available goods the public will still have \$40 billions left. The tax policy and bond selling program should be

directed with singleness of purpose toward trying to reach this money.

There is much evidence that the high tax payments due this year are not being anticipated by many taxpayers. Public education on this matter has been woefully lacking. Large defaults in March, and wholesale redemptions of War Bonds would shake public confidence, force banks into an inflationary absorption of more Treasury debt, make new forms of compulsion inevitable and jeopardize the next tax program.

• **BONDS.** The Victory Fund method of selling Treasury issues through committees of bankers and volunteers in the financial field, worked out well in the first test. This is a year-round job and the biggest part of it lies ahead as present sources of funds tend to dry up.

With the exception of the payroll deduction end of it, the War Savings Bond program may face rough sledding unless some new sales angle can be developed. The most likely suggestion to date seems to be the "earmarked purpose" idea. The public would be urged to buy the bonds for specific post-war purposes.

At the present time banks report that too many bonds are being bought with accumulated savings and not out of current income.

• **MEN AND MATERIALS.** The hoarding of manpower must be added to the long list of things that everyone is trying to get hold of because of threatened or actual scarcity.

Farms and banks are among the groups hit hardest by the shortage of manpower. Huge discrepancies in wages between groups in the same localities, caused by the abnormally fat envelopes of war industry workers, are becoming too serious to ignore. The new government regulations may have a good effect but the problem is going to be extremely hard to handle because of the unruly human factor.

• **PRODUCTION.** Much of the worry about post-war unemployment and trouble of every kind would be eased if every war production contract contained a "cushion clause" of some kind permitting the building of reserves with which to guarantee jobs in the event of peace. It would be cheaper and simpler to find a way right now to assure continued employment during the period of reconversion than it will be to find a solution after millions of persons are suddenly jobless.

Some concerns may be able to accumulate ample reserves but the majority, as matters now stand, would have no way to meet the situation except by turning workers out on the street.

The details of the cushion would differ in each case, depending on how much reconversion of facilities would be required to resume peace production.

**"LET'S STOP AT THE BANK...
I WANT TO FILL MY
FOUNTAIN PEN!"**



PEOPLE who need your bank aren't always aware of the *real* benefits you can offer them. How can you arouse their interest in a service that will *net the bank a profit*?

Take pay-as-you-go checking accounts, for instance. Does the system you offer give prospective customers all the features they desire? Are you using the most productive methods for building a worth-while volume of accounts?

The Todd Pay-As-You-Go Checking Account System offers extra values which you can advertise, demonstrate and talk about. Todd promotional ideas that get and hold accounts for many other banks are also available to you.

Write for detailed information. It will open the way to profitable checking account business for your bank. The coupon is for your convenience.

THE TODD COMPANY, INC., ROCHESTER, NEW YORK

I would like more information about the Todd Pay-As-You-Go Checking Account System and your tested plans that secure profitable checking accounts for banks.

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OFFICES IN ALL PRINCIPAL CITIES



The American Eagle

The American Eagle is not altogether a lovable bird.

It is no nightingale; it sings no sweet songs of sentiment.

It is no peacock; it never struts nor spreads its tail.

It is no dove, although it stands for peace wherever peace is possible.

But the American Eagle can fly higher, fly straighter, fly stronger and fly longer than any other bird in the world!

And when its cold and calculating eyes look through the souls of men and the diplomacy of nations, when its fierce beak and ugly claws become set in righteous determination, and when it begins to flap its majestic wings—then let all buzzards, wolves and reptiles beware, for the American Eagle means business.

GEORGE E. ALLEN

This message was written by the late Mr. Allen, as educational director of the American Institute of Banking, for the Institute's one-day wartime convention in Chicago on September 12, 1917. Mr. Allen was unable to be present, but "The American Eagle" was read to the delegates by Bruce Baird, president of Chicago Chapter



Ration Banking Manual: This is the group that worked on the operating manual. *Left to right*, A.B.A. committeemen Drew, Glenn, Lawton, Randall; Joseph A. Kershaw, head, OPA ration banking section; S. F. Casco, OPA administrative analyst

AFTER several weeks' operation the ration banking experiment conducted in the New York trial area was declared successful by all concerned—the banks, the merchants, and the Office of Price Administration. With the experiment found practical, refinements have been added and plans rushed for installing the program on a nationwide basis unless unforeseen developments cause delay.

The test period prescribed by the OPA started on October 28. During the experiment two factors of significance to banks emerged. First, the plan was readily adaptable to routine banking operation, and second, the amount of work involved was surprisingly small.

The test plan prescribed by the OPA required that a ration bank account be opened by every merchant handling sugar. This brought every dealer from the small corner merchant to the large wholesaler into the banking operation. Despite this range only 1,559 sugar accounts were opened in the 33 banks and branches operating in the 18 cities of the trial area. The total population of the district is in excess of 500,000. Some banks had as few as 10 accounts, and the largest institution had approximately 200. The accounts included stores, restaurants, institutional and industrial users of sugar.

In gasoline, the other rationed commodity involved in the experiment, service station operators were excluded and only intermediate dealers were required to open bank accounts. This resulted in but 38 accounts scattered among the banks of the district.

In anticipation of the national program and as a solution to one of the major questions raised by the American Bankers Association committee, the OPA recently reduced the number of those required to do a ration banking business by eliminating all whose sales of food products do not exceed \$50,000 a year. It is expected that application of this formula will drastically reduce the number of accounts. No change was made in the gasoline requirements.

This same criterion will be made a part of the national program as it applies to food. Dealers who do less than the prescribed volume of business in food commodities will not be required to open ration bank accounts. This

Nationwide

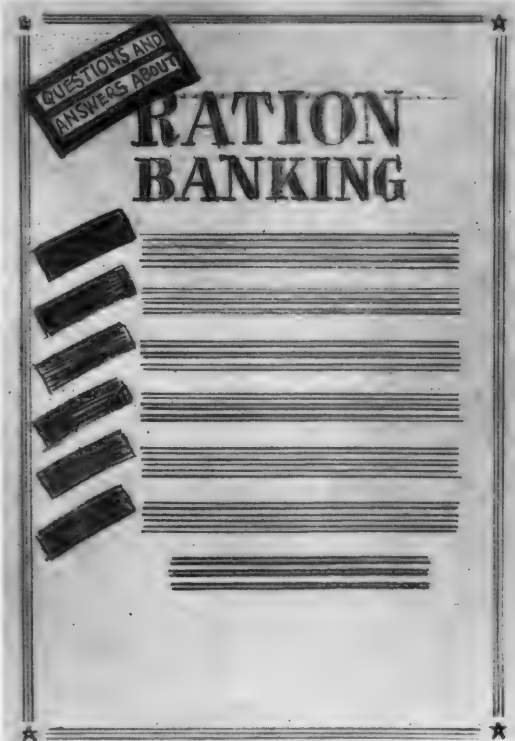
means a comparatively small number of accounts for the average bank. The volume of purchase authorizations—stamps, coupons and certificates—will still have to pass through the banking system but instead of being presented by the retailer they will clear through a limited number of dealers. Other yardsticks will be provided by the OPA to measure the extent of dealer participation in the banking operation as other ration commodities are added to the program.

Elimination of many dealers from ration banking does not affect their right or ability to do business in rationed commodities. They will simply pass their coupons and stamps to their suppliers.

Among the problems in which the American Bankers Association ration banking committee had a vital interest was the question of reimbursement to the banks for operating costs. While at the time of writing the schedule has not been made available, the OPA in mid-December retained the firm of Driscoll, Millet & Company, well-known bank analysts, to undertake an independent survey of operating costs involved in ration banking.

Another question raised by the A.B.A.'s report was the legal relationship that would exist between the banks

The illustration below and those on succeeding pages of this article are rough drawings of the educational material prepared by the A.B.A. Advertising Department for the use of banks in connection with the ration banking campaign



Ration Banking

and the OPA in the handling of ration banking accounts. It was expected a solution satisfactory to both parties, and one that provides the banks with adequate protection, would have been found before January 1, 1943.

The ration banking plan prepared for use by the banks has been made as simple as possible. It is based largely on the results of the New York experiment. The A.B.A. committee, invited by the OPA to assist in the preparation of this program, has constantly kept in mind the manpower and equipment problems of banks. Too, it has been fully aware that the operation must not only be successful in the trial area but must be of a character that assures its success in every part of the country and in every size and type of institution. Further, the committee and the representatives of the OPA were determined that no responsibility or liability be placed on the banks that should be assumed by the OPA or other governmental agencies, and that every possible point of friction with merchants handling rationed commodities be eliminated entirely or reduced to the lowest minimum. In carrying out these objectives the A.B.A. committee enjoyed the full cooperation and goodwill of the representatives of the OPA.

The final plan has been made to parallel as closely as possible the normal operations of ordinary commercial banking procedure. A banker will find nothing difficult about it. Almost any problem concerning ration banking operations can be solved by simply asking, "What would I do in my ordinary commercial procedure?"

Briefly, the plan provides that dealers in rationed commodities who will be directed by the OPA to participate in the ration banking program will open ration bank accounts in the same banks where they now do a banking business in dollars. They will deposit in their ration accounts, stamps, coupons, and other ration authorizations. If a merchant doesn't have a regular dollar checking account (and few such dealers will be brought into the operation), he may open a ration account in any bank of his own selection.

When buying rationed commodities a dealer will draw a ration check against his ration bank account in favor of



January 1943

Your RATION BANK ACCOUNT



A BRIEF EXPLANATION
OF RATION BANKING
PROCEDURE FOR MERCHANTS
PARTICIPATING IN THE
RATION BANKING PROGRAM



BANK NAME HERE

his supplier. The supplier will deposit the ration check in his own ration bank account and he, in turn, will draw ration checks against it as he purchases goods from his supplier. As pointed out before, the merchants not required by the OPA to use ration banking facilities will merely turn over stamps, coupons, and certificates to their suppliers when replenishing their stock of rationed goods. Under the plan developed for national use, deposits will be accepted subject to later verification and correction, thereby making possible a more efficient and economical operation.

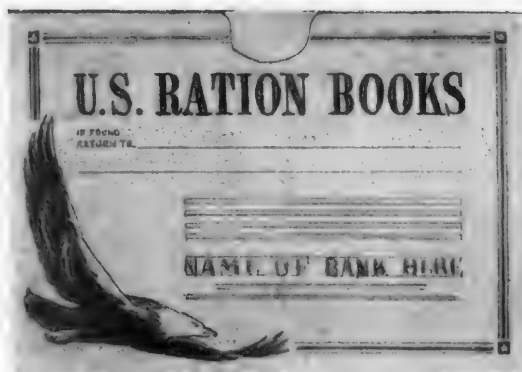
Ration banking applies only to the dealers in rationed commodities specified by the OPA. The public is not involved. Banks will have nothing whatever to do with the issuance of ration books nor will they be called upon to decide what is to be rationed and in what amount. This is exclusively the responsibility of the OPA and other governmental agencies. The banks' sole job is to provide the accounting facilities for the handling of ration authorizations—stamps, coupons, and certificates—presented by those merchants directed by the OPA to participate in the ration banking plan.

Repeated assurance has been given by the OPA that the banks will receive complete information regarding the operating procedure to be followed in ration banking

before the starting date of the national program. Banks, therefore, should not purchase checks, deposit slips, and other forms until they receive official instructions from the OPA. No forms or equipment should be purchased until the official OPA manual has been received and the banks have had an opportunity to study the requirements of the operating procedure and apply them to their own institution. Experience in the trial district indicates that the equipment presently in use in the average bank will probably be adequate for ration banking purposes.

When all major problems connected with the operation of the plan have been solved satisfactorily an educational program will be undertaken. This will be based largely upon the official operating manual distributed by the OPA to every bank outlining operating procedures and requirements. This manual will also contain specimens and specifications of forms and will include a section devoted to questions and answers on the forms and operations described in the manual.

A series of bank meetings will be arranged to explain the program and to answer questions arising from its local application. In conducting these meetings the facilities of state associations, clearinghouse groups, and other units of organized banking will be utilized.



In addition, the A.B.A. will provide banks with a public relations folder containing material for use in explaining the program to the public and the merchants. This folder will include specimen advertisements for use in local newspapers, suggested folders for distribution to the merchants and other depositors.

There will also be included publicity releases for local use, outlines for staff discussions of ration banking, talks before merchants' associations and service clubs, and other material that will prove helpful in getting the program started quickly and effectively. The public relations folder will be sent to the banks shortly after the mailing of the operating manual. Every possible aid will be extended the banks by the A.B.A. to assist them in the operation of the ration banking program.

Point Rationing

"EARLY in 1943," said a recent OPA statement, "each of us in the United States will receive a new War Ration Book. This book will be called War Ration Book Two, and will be used for new rationing programs which may become necessary. War Ration Book Two will be used to secure goods that will be rationed under a new system known as the 'point system.'"

"Point rationing" is a system of rationing a group of related or similar commodities which can be substituted for one another in actual use.

"Point rationing will not replace straight coupon rationing of sugar, gasoline and coffee. The point system and War Ration Book Two will be used for certain new rationing programs. The straight coupon system may be used for other new rationing programs where suitable.

"The point system will be used to ration certain commodities for which the straight coupon system is not suitable. It would provide a fairer and better system of rationing certain kinds of goods, such as cereals or meats, than straight coupon rationing would in the case of such products.

"Everyone in the country will be entitled to use a certain number of points each month out of War Ration Book Two to buy the commodities in the group. Each consumer may buy in any store he likes."

Every 6d. in the Kitty Counts

Field Marshal SIR CYRIL DEVERELL

This story of thrift in Britain's Services was first told by the Field Marshal in the "Sunday Dispatch" of London.

IN June 1940, at the invitation of the National Savings Committee, I became Honorary Director-General of the Army Savings Association. Some of my friends said to me: "You are taking on a pretty hopeless task: you might as well try to get blood out of a stone."

Then the Air Ministry invited me to take on similar duties for the Royal Air Force. I was gratified and encouraged.

At that time Army and R.A.F. savings were almost negligible. Today these are the facts:

There are now more than 16,000 savings groups. And they are increasing at an average of 100 a week.

In 1940 the only system of saving was through what is now known as the "Active Service Scheme." A voluntary allotment of a fixed sum is made from daily pay, and placed through the regimental paymaster, in the Army, and through the accountant officer, in the R.A.F., to the credit of the investor in a Post Office Savings Bank account.

This scheme appears at first sight to have disadvantages, especially when applied to those serving in the United Kingdom. But on examination they will be found to be more apparent than real.

In the R.A.F. and in the Dominion armies the regimental paymaster or his equivalent is an officer serving with the unit; he is "something" you can see and know.

In the Army he has an office in a fixed centre, and is unknown to the soldier except as someone who keeps a very close watch on his pay and sometimes has to do things which the soldier does not always understand properly.

A frequent complaint is that a man, having been regularly "in credit" for some time, is suddenly, and without any apparent reason, thrown into debt, the individual

having overlooked the minor infractions and changes in his status which may have resulted in this unhappy state of affairs.

Admittedly, errors in account may also occur. But there is nothing peculiar about this when one remembers the increase in the size of the Army, the difficulties of staffing, and the intricacies of rates of pay.

The truth is that the regimental paymaster is a sort of bank manager as far as a soldier's savings are concerned. Nevertheless, the disinclination of the soldier to make his savings through an authority whom he does not see and know personally is still a deterrent.

So every soldier should know that, provided he is drawing sufficient pay to meet his allotment, nothing will stop its being paid through the regimental paymaster into his Post Office concern.

Once his money has been paid into the Post Office Savings Bank, no one can touch it except the individual concerned.

ANOTHER point—and one common to both Services—against the active service scheme is the inevitable time-lag between the making of the allotment from the daily pay and crediting of the amount in the investor's Post Office Savings Bank book.

Without a large increase in staff such delays must occur, and an increase of staff is not in the public interest, either as regards economic administration or manpower.

But, all the same, the investor can, in every instance, be certain that his money is "safe as a bank," and that it will be available for his use if he really needs it.

Here it should be pointed out that money put in today and drawn out tomorrow does not help the country or the saver. It merely increases administrative costs and gives a false picture of the national savings.

So let the money stay put; and let each investor rest assured that should circumstances occur when the im-

Conference by British desert chiefs near Halfaya Pass, Egypt, on Rommel rout, *left*. Participants: General Montgomery, Eighth Army Commander, Lt. Gen. Freyberg and Lt. Gen. Lumsden. Natives of Barca, Libya, welcoming British troops, *right*



INTERNATIONAL NEWS



INTERNATIONAL NEWS



This Forces' savings poster is taken from the *Sunday Dispatch* of London

mediate use of his money is required everything possible will be done to meet that contingency.

Since 1940, with a view to improving saving facilities, the War Office and Air Ministry have agreed to the adoption in the two Services of the popular National Savings Committee Stamp and Certificate Scheme (adapted for use so as to save clerical labor).

Any service man whose commanding officer has set up a savings group in his unit can now purchase savings stamps and savings certificates there. Savings stamps should be available at all pay parades. As the man receives his pay he should pass on to the savings table, where he should be asked: "Well, Smith, what savings this week?"

Smith then hands in the amount he wishes to invest and receives the equivalent value in stamps to be inserted in his stamp book. When that book contains stamps to the value of 15s. Smith puts his name to a printed slip, hands in his book, and a savings certificate will be sent to him or to any address in the United Kingdom he wishes.

It is the popularity of this simple scheme that has been the main cause of the vast increase of savings among men and women of the Services. I emphasise "men and women." The Women's Services attached to the Forces are saving—as they are doing all their work—well.

Suitable though the sale of savings stamps and certificates may be at home, there are difficulties when on overseas service especially during active operations. Stamps, because of currency and climatic conditions, cannot be used.

To meet a popular demand, methods have been devised by which it is now possible for the soldier and airman serving overseas to buy savings certificates in local currency from their paying officer. The certificates may either be kept by the investor, sent home, or retained

for him centrally for better security in the country in which he is serving.

The signal is "Savings Follow the Flag." Whether the soldier is in Palestine or in Ceylon, in tent, hut, or billet, he has only to go to the company office, sign on the dotted line, and the certificate will duly appear. Later, if the soldier needs the money, he can encash these certificates to their full value and without delay on the spot, anywhere in the Command. That is the "Savings Service."

This scheme—known as the Outright Purchase Scheme—is now operating in every theatre of war under the War Office and the Air Ministry. And the value of its operation redounds increasingly to the national war effort.

All Dominion troops have their own dominion savings schemes. No attempt has been made to set up national savings schemes in these Forces; nevertheless, it is open to any dominion soldier or airman to invest under the outright purchase scheme if he wishes.

Facilities are given to our Allied forces both in the United Kingdom and overseas, to set up savings groups and operate British national savings schemes with the permission of the governments of their countries.

Administration of this work is undertaken by the Forces War Savings Committee, incorporated in the National Savings Committee, with 14 retired officers of the Army and Royal Air Force working as assistant commissioners—each with a definite area of Great Britain and Northern Ireland to be looked after. There is also an assistant commissioner in the Middle East. Another is about to take up a similar appointment in India.

My hope in 1940—that every Service officer and man should be saving something each day—has been met by the "post-war" credit of sixpence a day from January 1942. This provides a substantial start for further voluntary savings.

"Every 6d. . . ."

DIFFICULT as it is in many instances to make ends meet during these days of trial, the difficulties may be even greater when the war is won, unless we all save now.

Whatever may be our thoughts on the recent increase of 6d. a day, one fact is clear—the man now has an added 3s. 6d. a week which he did not have in September. So why not try to save a little bit out of it?

Every 6d. "in the kitty" counts. And when our Service men and women return to civil life they should have a "nest-egg" with which to start again.

With proper guidance from their officers all can be encouraged to do something with their Service pay to help the war effort, and, incidentally, themselves, by saving something daily and lending it to their country for the successful prosecution of the war and for the peace which we intend shall follow victory.

1943's Victory Job

ABOUT the time this is published, the President will be sending to Congress his annual budget recommendations.

There is good reason to suppose that the cost of the war in the next fiscal year will be greater than the cost during the present fiscal year.

For the remaining years of this world-wide conflict, it now appears that the annual cost to us will not be less than approximately \$100,000,000,000. Dollars to pay for the war can always be printed, one way or another, but that is not the way the Treasury sees its job. The Treasury wants to raise as much as possible through taxation of current income and the sale of securities for new cash.

Next year it is estimated the "national income," that is, the sum total of the incomes of all individuals in the country, will be about \$125,000,000,000. Under the tax laws as they now stand, Federal, state, and local governments will collect from individual taxpayers some \$15,000,000,000. The \$110,000,000,000 remaining in individuals' possession will be, the Treasury estimates, about \$40,000,000,000 greater than the amount of goods and services available to be purchased in 1943.

The immediate inflation problem is to mop up that money, either through additional taxes or through the sale of government securities. Indeed, some form of induced saving to postpone definitely the spending of this wartime surplus income seems to be called for.

With or without such increased taxes and induced saving as Congress is likely to enact in 1943, continuance of heavy Treasury borrowing for the remainder of the war and doubtless afterwards cannot be escaped.

WITH the booklet "Financing Total War—our December Job," published by the American Bankers Association, serving as an introduction and a guide to the current Victory Fund campaign, banks of the country brought into play every advertising medium and employed every successful sales technique in their effort to exceed the Treasury's December quota.

Generous display of newspaper ads prepared by the Treasury for Victory Fund use was made possible by the support of hundreds of clearinghouse associations and groups of banks. In addition, many institutions prepared their own copy and ran full page spreads in their local papers calling attention to the drive.

This newspaper advertising was backed by posters and folders for counter and direct-by-mail distribution. Billboards were used in some cities to proclaim the Victory Fund campaign. The banks in many districts made effective use of informative letters to their depositors, outlining the advantages of each type of investment on the December list. Some banks concentrated their advertising on the tax certificates and evolved an effective copy appeal which urged taxpayers "to finance themselves to finance the Government."

Virtually every bank sponsoring a radio program devoted a large part of its time to spot announcements each describing some feature of the issues designed for popular distribution. Radio stations all over the country made their facilities available for special broadcasts by local bankers and other Victory Fund committeemen.

While advertising and publicity were used extensively in promoting the sale of Victory Fund offerings, bankers on the whole depended on personal efforts to sell the securities. They realized that the amount involved and the nature of the securities required personal calls on known prospects.

Direct contacts whereby full explanation of the securities could be made and recommendations offered were found to be the most effective sales technique by bankers in every section of the country. In New York City and other large centers teams were organized, drawing on representatives of commercial banks and security houses for their membership. In the majority of districts, however, senior officers of banks made personal calls on customers and friends. In many cases, their efforts were aided by the activities of the trained sales force provided by local Victory Fund organizations. Everywhere bankers gave wholehearted support to their Victory Fund committees and cooperated fully in every sales program outlined by the managers and chairmen of their districts.

With the December experience behind them, bankers are looking forward to future campaigns with confidence that they can exceed the proud records they established in the first great Victory Fund drive.

Victory Drive

Easily surpassing the \$9 billion goal originally set by the Treasury, the December Victory Fund Drive had topped \$10 billion by the time BANKING went to press.

The Treasury's tabulation of the sale of the various issues through December 19 was:

Funds from banking sources:	
Treasury bills	\$500,000,000
1¾% Treasury bonds	2,058,000,000
7/8% Certificates	*2,030,000,000
Total	\$4,588,000,000
Funds from non-banking sources:	
7/8% Certificates	\$1,294,000,000
1¾% Treasury bonds	809,000,000
2½% Victory bonds	2,528,000,000
Tax notes	480,000,000
Savings bonds (E, F and G)	530,000,000
Total	\$5,641,000,000
Grand total	\$10,229,000,000
*Tentative.	

"The response by investors," said Secretary Morgenthau, "has been stimulated in large part by the eager participation in the drive of many thousands of volunteer workers drawn from the banking, securities, insurance and other fields. These workers have well earned the thanks of the nation."

Creating a Pattern

On these pages is a sampling of the many ways banks have been promoting the United States Treasury's Victory Fund Drive. Advertisements, news stories, letters to customers, messages to employees, talks to clubs and organizations—these are some of the media used.

W. L. HEMINGWAY, president of the American Bankers Association, speaking before the Central States Conference of Secretaries of State Bankers Associations in Chicago, said in words that were as clear as they were forceful that:

The banks will have to get into this fight with all they have just as the soldiers at the front.

The banks cannot hold back because they don't like the maturity or the rate of interest or the commanders in chief any more than the man in uniform can shirk because he doesn't agree with his superior officer.

American banks now hold from \$25,000,000,000 to \$30,000,000,000 of government securities and they must prepare to more than double that amount before June 30, 1943.

The Government will be forced to raise between \$81,000,000,000 and \$84,000,000,000 in the fiscal year which ends on June 30.

Banks should determine their fair share of the inevitable future government financing program and then adhere to a set schedule of security purchases.

Who, me?

Yes, you



Yes, neighbor, you . . .

... quiet, self-effacing you, are a living part and parcel of the biggest, toughest, bloodiest war in all the hard pages of history.

You can't escape it. You can't hide out on the island.

For here is **EVERYBODY** in it. The man behind the plow. The kid in knee pants. The soldier with the cane. The housewife with the market basket. The white-collar worker. The blue-collar worker. The girl in the schoolroom.

We're ALL in it—lock, stock, body, and soul.

If America loses, you lose. If America goes down (and it can), you go down, too. And every decent thing goes down with you . . . that home, that hearth, that patch of ground, that blessed freedom.

The only way to save these things is to win the war!

And the only way to win is to out-build, out-plan, and out-fight the enemy—to make him sick at the sound of a propeller, the sight of a tank, the roar of a bomb.

That's where you come in.

For, brother and sister, building these things takes money. Lots of it! And your Government needs that money right now! Not for keeps. They don't want you to give it away. They just want you to lend it to them.

Invest every dime, quarter, half-dollar, and dollar you can lay your hands on in U. S. Savings and Bonds. Not just spare money but money you can't spare. Dig deep. Dig yourself. **That's it now!**

Make every pay day Bond day. Make every day Stamp day. Start doing it this very day!

EXAMINE YOUR CURRENT SAVINGS FOR VICTORY
See to it that your pay per centage, on funds regularly invested by every American, will be increased—possibly 10 billion dollars in just one year! Then make up your mind

to pledge—not the least, but the MOST you can doing your part now! In helping America produce defense planes, 45,000 tanks, 10,000 motorized gun-
right outfit some of shipping on MUST HAVE TO WEAPONS. Remember, you can save having that buying stamps for as little as 10 cents and the rest of it (including value) Bond (Clipping 1) for only 10¢.

Year	1939	1940	1941	1942	1943
1-10	\$6.31	\$1.00	\$1.00	\$1.00	\$1.00
11-15	35	50.00	57.71	59.00	59.00
16-20	37	50.00	57.71	59.00	59.00
21-25	5.25	50.00	57.71	59.00	59.00
26-30	5.00	50.00	57.71	59.00	59.00
31-35	5.00	50.00	57.71	59.00	59.00
36-40	5.00	50.00	57.71	59.00	59.00
41-45	5.00	50.00	57.71	59.00	59.00
46-50	5.00	50.00	57.71	59.00	59.00
51-55	5.00	50.00	57.71	59.00	59.00
56-60	5.00	50.00	57.71	59.00	59.00
61-65	5.00	50.00	57.71	59.00	59.00
66-70	5.00	50.00	57.71	59.00	59.00
71-75	5.00	50.00	57.71	59.00	59.00
76-80	5.00	50.00	57.71	59.00	59.00
81-85	5.00	50.00	57.71	59.00	59.00
86-90	5.00	50.00	57.71	59.00	59.00
91-95	5.00	50.00	57.71	59.00	59.00
96-100	5.00	50.00	57.71	59.00	59.00
OVER 100	5.00	50.00	57.71	59.00	59.00
TOTAL	45,000	45,000	45,000	45,000	45,000

"Let our object be our Country, our whole country, and nothing but our country. And, by the blessing of God, may that country itself become a vast and splendid monument, not of oppression and terror, but of wisdom, of peace, and of liberty, upon which the world may gaze with admiration forever."
—Daniel Webster

Over 100 of our officers and employees have volunteered to serve as enthusiastic sales force to work with the Victory Fund Committee in the sale of Government Securities. We have wholeheartedly joined the "Financial Front" of our war effort.

MERCANTILE Bank and SAINT
COMMERCE Trust Company LOUIS



Get U. S. WAR Savings Bonds Now

This Space Is a Contribution to America's All-out War Effort By

- The American Bank and Trust Company
- The Community Bank and Trust Company
- Connecticut Savings Bank of New Haven
- The First Federal Savings and Loan Association of New Haven
- The First National Bank and Trust Company of New Haven
- General Industrial Bank
- National Savings Bank
- The New Haven Bank N. B. A.
- The New Haven Building and Loan Association
- The New Haven Progressive Building and Loan Association
- The New Haven Savings Bank
- The Second National Bank of New Haven
- The Tradesmens National Bank of New Haven
- The Union and New Haven Trust Company

Ninety years have passed since the death of Daniel Webster, yet his words—quoted in the newspaper advertisement of the Mercantile-Commerce Bank and Trust Company of St. Louis, at left—are being re-echoed today by all Americans. The banks of New Haven, Connecticut, brought home to newspaper readers, through a joint advertisement, above, their direct obligation to help win the war by buying War Bonds

Remember Pearl Harbor

... Too Little And Too Late

OUR BOYS NEED MORE THAN A PAT ON THE BACK

Back them up with your fighting dollars

SUBSCRIBE NOW

\$9,000,000,000 is needed now for the War effort... to be raised this month.
Every American should lend every available Dollar to our government.

United States Victory 2½% Bonds of 1963/68

Dated December 1, 1942

Due December 18, 1948

Callable on December 15, 1963 and thereafter at par and accrued interest
Denominations \$500, \$1,000, \$5,000, \$10,000, \$100,000

Designed particularly for individual investors,
and trusts, pensions, endowments... and other
funds of a similar character.

Acceptable at par and accrued interest for
the purpose of satisfying Federal Estate Taxes.
Also eligible as collateral for bank loans.

Price 100% and accrued interest

Yield 2.80%

United States Savings Bonds

Series F

Due 12 years from date of issue
Denominations \$15 to \$10,000

Designed particularly for those preferring to have their
investments accumulate and compounded semi-annually rather
than to receive current income.
Redeemable upon 30 days' notice, 6 months after issue
date, at redemption values stated on each bond.

Price 78% of maturity value
Yield 2.83% to maturity

Example:
\$15 bond costs \$11.70 \$1000 bond costs \$790.00

Series G

Due 12 years from date of issue
Denominations \$100 to \$10,000

Designed particularly for those preferring to receive cur-
rent income rather than to have their investments accumulate.
Redeemable on 30 days' notice, 6 months after issue
date, at redemption values stated on each bond.

Price 100% without accrued interest
Yield 2.80% to maturity

Example:
\$100 bond costs \$100 \$1000 bond costs \$1000

Treasury Tax Savings Notes

Series A

Denominations \$15 to \$5,000

Series C

Denominations \$1,000 to \$10,000,000

Designed particularly for individuals or corporations

Ad of the banks of Allegheny County, Pa., above; "Wanted
Volunteer Dollars" ad of the Trust Company of Georgia, above,
right; the letter, below, was used by Equitable Trust Company,
Wilmington, Del.; a message from the president of Wells Fargo
Bank & Trust Co., San Francisco, below, right

Equitable Trust Company

NINTH AND MARKET STREETS
WILMINGTON, DELAWARE

November 28, 1942

TO OUR DEPOSITORS:

The Treasury has just announced the greatest drive for funds in history. It is
asking every one of us to take part in a gigantic war financing campaign to sell
\$9,000,000,000. worth of Government Securities during December.

A brief summary of these securities, and others which are currently available, is
given in this folder.

The main sales effort will be made by a nation-wide organization of bankers,
security dealers, and other business men called the "Victory Fund Committee".
One of our Vice Presidents is chairman of the New Castle County Committee, and all
of us at the Equitable will cooperate with this committee in every way.

I feel sure you will agree with us that taxes and payroll deductions for the
purchase of war bonds, cannot raise sufficient funds to finance the cost of the war.
Commercial banks are purchasing new issues as offered, and are, in increased degree,
investing their excess reserves in ninety-one day United States Treasury Bills, thus
making funds available to their Government, without sacrificing a sound liquidity.
However, the financing of Treasury deficits by commercial banks is of a definite infla-
tionary character and must not exceed certain limits.

Since we believe that the securities of our Federal Government are the safest
and soundest investments in the world, we unhesitatingly endorse the Treasury's ap-
peal and the efforts of the Victory Fund Committee in calling on every one to bear
their proper share of this stupendous task.

The facilities of the Equitable Trust Company are gladly offered to you, without
charge, in case you desire to subscribe to or purchase any of the types of Government
securities outlined herein.

Please call upon us at any time for information or assistance.

WANTED Volunteer Dollars

Our Government Needs to Borrow

9 Billion Dollars

in December

Nine different issues of U. S. Government obligations are
open for purchase. They range from 90 days maturity at
¾% interest to 26 years at 2½%. They include War Bonds,
Tax Savings Notes, short-term notes and bonds, and long-
term bonds for investors.

Every person or corporation with idle dollars—not needed
at the moment—can buy a bond which will come due and
provide cash at the time it is needed.

This bank—all banks—have been and are buying bonds.

This bank wants its customers to use their idle deposits
to buy the particular Government Bond which best suits
their needs. To help prevent further inflation, the war must
be financed as fully as possible by *existing idle funds*.

Come in and let any of our officers give you any in-
formation you desire. *Let your idle dollars Volunteer.*

TRUST COMPANY OF GEORGIA
ATLANTA

Member - Federal Deposit Insurance Corporation - Federal Reserve System

To Our Employees: The Victory Loan Drive



The citizens of a free country
have joined together to raise
\$9,000,000,000 within a single
month, in order to safeguard
their freedom. And so each
one of us as a citizen must
feel the responsibility for sub-
scribing to his or her share,
much or little.

R. B. MOTHERWELL,
President.

December 1, 1942

Your Government Needs 9 Billion Dollars NOW To Keep Up Our Fighting Fronts

AMERICA is driving forward in the greatest war the world has ever known. To continue the successful prosecution of the war your Government needs to borrow nine billion dollars in December. This is the largest financing operation of its kind undertaken by a government in the history of the world. We Americans must meet this challenge. Our fighting men must be supported with every dime and dollar we can muster.

Every American has an opportunity and an obligation to back the armed forces with bonds. Every citizen having funds in the form of currency or bank deposits should enlist them in the war effort; in one way or another through the purchase of Government securities. There is a type suitable for every individual and business organization in denominations from \$25.00 up to \$100,000.

This is no time to let "George" do it. Billions of dollars must be raised through public purchase. The purchase of United States Government securities is a sound investment and a patriotic duty. The Fulton National Bank urges all Americans to act now.

{ Whether you have \$25.00 or \$100,000, complete information and assistance in making your investment are yours for the asking at any of five Fulton offices in greater Atlanta. }

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
FULTON NATIONAL
MAIN OFFICE: 18 MARIETTA ST.
WITH 2 ENTRANCES THROUGH
PEACHTREE ARCADE
Bank
CANDLER BUILDING
BUCKHEAD • DECATUR
PETERS STREET
★ COMPLETE SERVICE AT FIVE OFFICES IN METROPOLITAN ATLANTA ★



THREE NEW ISSUES OF U. S. GOVERNMENT BONDS OF SPECIAL INVESTMENT QUALITY to be offered November 30th

We offer for subscription:

U. S. Government—2½%—26 Year Bonds
Dated Dec. 1, 1942—Due Dec. 15, 1968
Callable Dec. 15, 1963
Coupon or Registered Form
Price: Par and Accrued Interest

We offer for subscription:

U. S. Government—1¾% Bonds
Dated Dec. 1, 1942—Due June 15, 1948
Coupon or Registered Form
Price: Par and Accrued Interest

We offer for subscription:

U. S. Government—½% of 1%
1 Year Certificates
Dated Dec. 1, 1942—Due Dec. 1, 1943
Coupon Form Only
Price: Par and Accrued Interest

Commemorate the first anniversary of Pearl Harbor by the purchase of one or more of these attractive investment issues. *All Books Open—Nov. 30, 1942.*

THE 9 BILLION DOLLAR VICTORY LOAN DRIVE IS ON

Will the patriots of NEW YORK meet this challenge?

THIS is a challenge to the patriots of the greatest city in the world.

During December your Government must borrow Nine Billion Dollars for war. Many thousands of men and women from securities firms and banks have volunteered their time and services to the Victory Fund Committee to raise this money.

In the next few days one of these representatives may call on you to explain the advantages of the Victory 2½% Bonds and the other securities which the United States Treasury has issued to meet the requirements of all types of investors. If you miss him, go to your bank or securities dealer.

Many men from New York have died for our country in this war. Many more are fighting on our far-flung battle fronts.

You can help bring victory nearer—by

BUY THESE VICTORY 2½% NOW

Twenty-six year 2½% per cent bonds due December 15, 1968, maturing December 15, 1968. In coupon or registered form. Interest paid semi-annually. Readily marketable. Assured as bank collateral. In the event of the death of a holder, the bonds may be sold at 100% and interest income for the purpose of paying Federal estate taxes.

Shorter Term Obligations

½% per cent bonds due June 15, 1943, and ½% per cent certificates of indebtedness due December 1, 1943. These securities are available for subscription by all classes of investors—individual, corporate or institutional.

Other Treasury Securities

offered to investors through the Victory Fund Committee on Treasury Tax Savings Notes, Series A and C, and United States Savings Bonds, Series F and G.

investing today to the limit of your ability.

Remember, it is your country . . . your cause . . . your victory.

Make your dollars fight.

VICTORY FUND COMMITTEE

SECOND FEDERAL RESERVE DISTRICT

Fulton National Bank, Atlanta, puts punch in its "fighting dollars" ad, above, left; a challenge to New York patriots by the Victory Fund Committee of the Second Federal Reserve District, above; portion of Victory Loan mailing card of Security-First National Bank, Los Angeles, below, left; staff members inspect a war-weapon lobby display, tied in with Tax Notes



Publicity story in the Winston-Salem Sentinel on the appointment of C. T. Leinbach, of Wachovia Bank and Trust Company, as local Victory Loan chairman

Leinbach Heads Victory Fund Drive

C. T. Leinbach, of Wachovia Bank and Trust Company, was named local chairman for the Victory Fund committee during a breakfast meeting this morning when plans were discussed for the participation of Winston-Salem individuals and firms in the drive to raise nine billion dollars.

The defense against war will be the nation's greatest task, and victory since the national goal is assigned to enlist the united cooperation of all groups. E. A. Wayne, secretary of the N. C. Bankers' Association, who has been named to the government to act as regional head of the drive for a three-week period, presided at the meeting which was attended by a dozen leading businessmen of the city. Paul Lutz, of Charlotte, who is managing publicity for the national drive, was also present.

Wayne suggested that the services of the lawyers be enlisted as speakers in helping to promote the drive, and J. W. Wright pledged the support of local bar members to the support. They will name a chairman and committee to make up a speakers' bureau to (See Victory Fund, Page 2)



AROUND THE BREAKFAST TABLE, local co-chairmen for the Victory fund drive being launched through this week, shown plans for promoting it with selling drives. Seated, left to right, are C. T. Leinbach, chairman of the drive; Paul Lutz, head of publicity; Fred Charlotte and C. T. Leinbach, local chairman. Standing are (See Victory Fund, Page 2)

How the Tax Law Aids Borrowers

J. K. LASSER

The author is a well-known tax consultant and head of the firm of J. K. Lasser & Co., accountants and auditors. The table and some of the material presented is taken from the new 1943 edition of MR. LASSER's new book, "Your Corporation Tax," published this month by Simon and Schuster. The same publisher also brought out MR. LASSER'S new 1943 edition of "Your Income Tax."

THE new tax law, especially in its excess profits tax provisions, was written with two basic purposes in the congressional mind. First, of course, was the need for revenue—and the rates rose steeply. Second, and equally important, was the very commendable desire to alleviate hardships and provide equitable reliefs—and a host of new provisions are pointed to that goal.

The 90 per cent excess profits tax rate produces remarkable results. Indeed, in many cases, the mechanics of the law produce actual savings instead of interest cost when funds are borrowed. This occurs aside from consideration of the productivity of the funds borrowed, but purely on a basis of the tax saved as against interest paid.

Let's look at some of the results of our calculations. First, even if a corporation is subject to *no excess profits tax at all*, but only to normal and surtax, the highest effective rate of interest it can pay is 3.6 per cent although the note itself calls for 6 per cent.

SECONDLY, if a corporation is subject to the 90 per cent excess profits tax, the top effective rate is .6 per cent—again when the note calls for 6 per cent. And this is the maximum if a company uses the "income credit." When the invested capital credit is used, the effective rate on a 6 per cent loan is only 1 per cent.

Thirdly, assume a company which is limited to the 80 per cent maximum tax provision: that the tax cannot be greater—after adding together the normal tax, surtax, and excess profits tax—than 80 per cent of the surtax net income (before deduction of the credit for the amount subject to excess profits tax). Such a company would pay an actual rate of 1.2 per cent on a 6 per cent loan.

These are *maximum* effective rates. What happens when we borrow at less than 6 per cent? Here is where actual savings—profit if you will—may be made by borrowing funds. Assume for example, a corporation which is subject to the 90 per cent excess profits tax and uses the invested capital credit. If such a company borrows at less than 6 per cent it will save more in taxes than the interest cost paid! If it can borrow at 4 per cent the actual savings in tax will outweigh the interest paid to the extent of .6 per cent of the principal. On a \$100,000 loan held for one year, the interest cost in that case will be \$4,000; but the tax saved will be \$4,600, a net gain of \$600.

To many the first goal—high rates—is completely unfortunate in its effect on business. But this is not entirely so. There are some compensations stemming from the new rate structure. One of these, indirect perhaps, but of much interest particularly to banks and other credit-extending agencies, is the astonishingly low rates at which a company subject to income and excess profits taxes can borrow under the new law.

The accompanying table shows the effective rates of interest paid by companies on borrowed capital as contrasted with the nominal rates. The table was computed to indicate actual rates paid—

1. If a company is subject to the excess profits tax and uses (a) the invested capital credit; (b) the income credit.
2. If it pays the 80 per cent tax under the limitation in the law.
3. If it pays only the normal tax and surtax, but no excess profits tax.

NET COST OF BORROWED MONEY **

Actual rate of interest under the following conditions—

If rates of interest paid on borrowed capital are	If company pays an excess profits tax and uses		If the corporation's total income, surtax and excess profits tax is limited to 80%	If corporation is subject to normal tax and surtax only
	"Invested capital credit" ***	"Income credit"		
1%	1.65%*	.1%	.2%	.6%
1½	1.475*	.15	.3	.9
2	1.3*	.2	.4	1.2
2½	1.125*	.25	.5	1.5
3	.950*	.3	.6	1.8
3½	.775*	.35	.7	2.1
4	.6*	.4	.8	2.4
4½	.425*	.45	.9	2.7
5	.25*	.5	1.0	3.0
5½	.075*	.55	1.1	3.3
6	.1	.6	1.2	3.6

* Italics denote net tax saved is in excess of the interest cost.

** All of these examples assume that a company is subject to the 40 per cent normal tax and surtax.

*** Assume that a company in all of these examples has a total invested capital under \$5,000,000. The foregoing gives full effect to savings in tax secured by the borrowed capital and the allowable deduction for interest.

Explanation of the Table

1. BROADLY, all corporations are subject to three income taxes—the normal tax, of from 15 per cent to 24 per cent, the surtax of 10 per cent to 16 per cent and the excess profits tax at 90 per cent, except where an 80 per cent overall maximum applies.

2. The excess profits tax is a flat assessment of 90 per cent unless that brings the total tax of a company—including normal tax, surtax and excess profits tax—to

(CONTINUED ON PAGE 71)

Stamp Currency

PAUL HAENSEL

DR. HAENSEL, professor of economics at Northwestern University since 1930, is a Russian by birth and education. He has had considerable practical experience in public finance, having served, in Tsarist times, as a member of the Council—that is, a director—of the Imperial Bank of Russia. He is the author of 14 books and more than 200 articles, published in eight languages, and has taught and lectured extensively in this country and abroad.

A WAR usually creates a shortage of small currency. Such was the experience in France, Germany, and Russia at the beginning of World War I. This is due to the fact that a mobilized army immediately calls for a considerable amount of currency, particularly of small denominations. Masses get higher wages and keep much more cash at home. Many begin to buy various commodities at an increased pace from fear of shortage or rising price. More people travel. Some simply hoard any kind of coins in the strange belief that this may save them from the consequences of inflation. Some amass coins in cookie jars and piggy banks while saving the price of a War Bond.

In my article "War Taxation," published in *Taxes* magazine (February 1941) I stressed this peculiarity of war finance. To avoid a possible shortage, I recommended to substitute small coins by printing special "currency-stamps" with the usual postage stamp plates but on thick, flexible, and durable paper. On the back would be printed, "This currency stamp is legal tender according to — Act."

DURING the first World War the Tsarist government in Russia issued such currency-stamps, printing them with the usual postage stamp plates. As a member of the Council (board of directors) of the Bank of Russia at that time, I can testify that this measure was a success. On January 1, 1917 such small currency paper stamps were in circulation to the amount of 128 million rubles, against the 1913 total of small silver and copper currency of 115 million rubles. The issue of "currency-stamps" averted a serious crisis with small coins, although at first the Russian Government tried to mint a large additional quantity of metal coins, and the

quantity of silver and copper coins in circulation in Russia almost doubled in a short time.

Shortage of small currency in the United States may develop with great rapidity into a serious crisis. Psychologically, the population may sense this as a beginning of the dreaded "inflation"; hoarding of all kinds of coins will become universal and may be a prelude to real inflation. This must be avoided at all cost and as quickly as possible.

During the American Civil War, Secretary Chase issued so-called "postage currency" in form of facsimiles of postage stamps printed on thick paper and Congress on July 17, 1862 legalized such issues of three, five, 10, 15, 25 and 50 cents until 1878 when silver coins were reintroduced. During World War I a shortage of small coins was felt and in 1919 in some cities one-cent and two-cent notes were circulated.

In 1941 the U. S. mints coined 1,827,486,276 pieces, having a value of \$102,209,510, as against only 280,716,690 pieces valued at \$12,718,178 in 1938, and the demand for small coins is rising. In consequence and with a view to reducing the non-war use of copper, nickel, zinc, or tin, the Treasury is planning now to mint coins out of plastics or glass.

SUCH a solution is not to be recommended. It would require too long a time for an adequate supply and considerable new minting equipment which may interfere with other priorities. The only rational way would be the issue of paper currency-stamps.

The great advantage of currency-stamps is that they can be printed in the shortest time in any necessary quantities and in all possible denominations, as in postage stamps, viz. one-half, one through 10, 15, and 25 cents. They should be issued in sheets of 100 currency stamps with perforation.

Immediately the people will become acquainted with the advantage of paying an exact amount in their daily transactions without asking for change. Anyone would be able to carry a much larger amount of such small currency than is possible with metal coins, a matter of some importance to men and women in military service also. In cities where the trolley fares are seven cents,

(CONTINUED ON PAGE 68)



On the back of these Tsarist currency stamps, says Prof. Haensel, is printed: "Circulates on the same basis as subsidiary silver coin"

Women About Banks

MARY B. LEACH

Next month BANKING will carry a round table discussion by women from all sections of the country, who have entered banks since the last World War, on what they like about their chosen profession and what they think of their present responsibilities.—By an assistant editor of BANKING.

NEWSPAPER headlines spotlighting the success of women in wartime activities—in aircraft plants, munitions factories, shipyards, military service, and banks—sent this reporter delving into the archives of the American Bankers Association to see to what extent women were working in banks before World War I and with what result.

The first startling bit of evidence uncovered revealed that banking has not always been "a man's world," for James Hilton Manning, in his "Century of American Savings Banks," reports that the first savings bank for English speaking peoples was founded by a woman—Mrs. Priscilla Wakefield of Tottenham, Middlesex County, England, a well-known author of that period.

"In the year 1798," Mr. Manning writes, "the Reverend Joseph Smith of Wendover, in conjunction with two of his parishioners, offered to receive from members of his congregation any sum from two pence upward, to be returned at Christmas, with one-third added to the deposit—a sort of Christmas Club. In 1804, Mrs. Priscilla Wakefield, of Tottenham, with six gentlemen, agreed to receive small deposits and pay 5 per cent interest on all sums above 20 shillings left more than a year in their hands, thus adding a bank to a friendly society."

DESPITE this early entry of a woman into bank management, women's infiltration into the banking field was slow and a little over a hundred years later—in 1917—fewer than 5,000 women were employed in the nation's banks; today it is estimated there are close to 75,000 women working in banks, about 4,000 of whom are holding elective executive offices. Indications are, if the war continues another two years, 125,000 women will be employed by the banks.

Although World War I marks the first big influx of women into banking, a number of the women antedating 1917 were given official recognition. Here are a few examples:

Mrs. Lou A. Conklin became cashier of the Hubbell (Nebraska) Bank in 1883;

Mrs. Mabel Hobart Page retired in 1937, after 50 years of service with the Chicopee Falls (Massachusetts) Savings Bank, serving as assistant treasurer for 30 years;

Miss Nora Kirch, now manager of the Women's Department of The Louisville (Kentucky) Trust Company, started with this bank in 1888 as a stenographer;

Miss Jane B. Bowman of Akron, Ohio, after experiencing several mergers and a reorganization since 1898,



Aprons—a 1900 secretarial accouterment—are as taboo in the 1943 bank as were cotton stockings before Pearl Harbor

when she entered banking, is now in charge of the incoming mail department at The First-Central Trust Company;

Mrs. H. B. Sammons, president, First National Bank of Farmington, New Mexico, was elected cashier of her bank in 1908;

The *Financial Age* of July 29, 1911 reported that two women were then serving as cashiers of New York State banks—Mrs. May F. Willard was cashier of Citizens' National Bank of Fulton, and Miss E. M. Boynton was cashier of Bayside National Bank;

Miss Maybel C. Oliver, vice-president, The United Savings Bank of Detroit, joined her bank as a secretary in 1910 and became a vice-president in 1933.

These pioneer bank women, for the most part, were without the educational advantages available to bank employees today through the American Institute of Banking, for it was not until the 1918 convention of the Institute that a resolution was passed providing "that women be admitted into all educational work of the chapters in the full knowledge that eventually full membership should be granted to them."

THE first Standard Certificates of the Institute were awarded to women in 1917—two by Los Angeles and one by Rochester chapters. In 1918 these two chapters repeated this record; and in 1919 four chapters awarded Standard Certificates to women—Cleveland one, Dallas one, Des Moines three, and Jacksonville one. Nearly 2,900 Standard Certificates have been awarded to women since 1917, at a present average of about 65 a year.

The history of women's advancement in banking parallels the development of modern methods in bank procedure. This progress can best be told by women in banks during this period. Miss Nora Kirch, with 55 years of service with the same bank, makes this interesting report:



Women outnumber the men by more than two to one in this employee training class at Wachovia Bank and Trust Company, Winston-Salem, North Carolina

"When The Louisville Trust Company was started it had but three officers and six employees—five males and one woman, myself. Not until 1900 was another woman employed as a savings bookkeeper. At present the company has 94 employees, 51 of whom are women. The only machine we had was my typewriter.

"When I came upon the scene, the officers had something like a locker in their offices and filed their papers in pigeon holes in it. A sticker at the top indicated the specific case, or trust. Letters were put back into the envelopes in which they were received, marked with the dates received, and answered, with some abbreviated memoranda recalling what they said. When I saw in the stationery stores more modern filing systems, I reported them to H. V. Loving, our founder and president.

"If you see anything we ought to have, get it,' he answered. 'We must keep up with the procession.' This I did. We had no letter press—that came later. There were no loose leaf ledgers; all of them were bound and all records were made with pen and ink by men. There were no calculators, adding or posting machines; no daters or numbering machines; no paper punch or Acco binder clips with which to fasten papers. Pins were used."

FROM Miss Jane Bowman of the First-Central Trust, with 44 years of bank service, came this story:

"I took private lessons in stenography and when I grew impatient with a poor teacher and quit, my uncle, who was cashier of the Second National Bank, told me I could come down and learn to 'run the typewriter' and do odd jobs in payment.

"There were seven men in the bank when I went down on July 19, 1898, and while they were not overjoyed to have me around, it was understood that it was only temporary and they did approve of having someone to answer the telephone.

"Colonel George T. Perkins, president of The B. F. Goodrich Company, was also president of the bank, spending two hours each morning there. Will I ever forget my terror when I took my first dictation from him? It did not go too badly, however, and when I had an offer of an office job, I went for one day. I didn't like it and came back to the bank. Colonel Perkins told my uncle he did not see any reason why the bank could not hire me. If he had thrown a bomb in their midst there could not have been more consternation and I always suspected that my uncle was as upset as the rest of the fellows.

"At that time we had only two accounts of women on our books—women never came into the banks and

as a result I spent most of my time in male society. I was rather a curiosity, as I was the only girl who worked that any of my friends had ever heard of, but being in a bank was unique and took a little of the curse off, but most girls my age were 'going away to school.'

"I have often wondered what my grandfather (who organized a private bank—George D. Bates & Co., in 1857, from which the Second National was the outgrowth) or Colonel Perkins would think of the present machines which will add 18 separate listings with a total of all of them, or the Recordak. . . . The changes and improvements were so gradual that I don't seem to have been much impressed as each one came along, but looking back now it is absolutely unbelievable."

On the theory that it is permissible for women who have attained a considerable measure of success in banking to forecast for the less experienced women bankers, we asked a few "old-timers" for their ideas of banking as a career:

Here is Miss Bowman's reply:

"All sorts of jobs are open to women today—as secretaries, tellers, bookkeepers, yes, even officers' jobs—and messengers. How times have changed! We have 134 girls in our main office and two branches. We have women's accounts by the thousands and as many women coming into the bank as men."

MISS Agnes M. Kenny, manager of the Women's Department, First Wisconsin National Bank, Milwaukee, in banking since 1918, said:

"Banking as a career for women depends on the meaning of *career*. If it means an interesting job as officer or department secretary, custodian, teller, or clerk, there seems to be a fine future; if career means a life work in which one wishes the same success and recognition as men in the banking profession, that is another question. The knowledge of economic laws, of credit finesse, of commercial and industrial enterprises, and the many other intricate details that enter into successful banking, while not beyond the intelligent trained woman, lie more naturally in a man's province, and it is the exceptional woman who cares, or who is invited, to pursue it to the degree that would give her a place comparable with that attained by men of equal ability and skill. . . ."

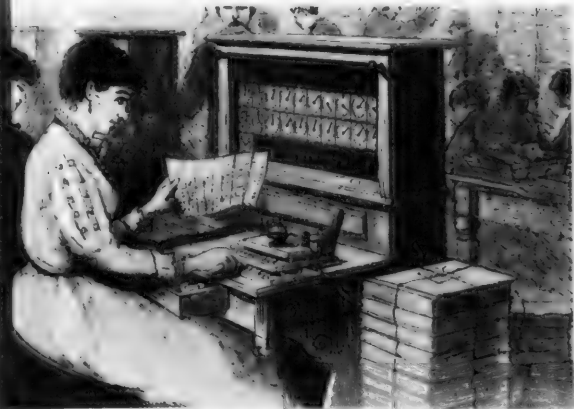
Miss Margaret J. Bacon, director, Income Management Bureau, Monroe County Savings Bank, Rochester, New York, in banking since 1920, feels that "banking is a fascinating career," but that there are more "plodder jobs" in banks than good ones for both women and men.

Miss Oliver, of the United Savings of Detroit, says:

"It was during the last war that women entered the business world in greatly increased numbers. Again opportunities are offered, and because of the experiences women have had, it seems to me they are well equipped for all lines of work. Right now positions are open to women in all departments of banks."

These "banking pioneers" are of one mind as to the ingredients which go into the recipe for success in banking. They are—adaptability; thorough training in and knowledge of banking procedure; and the capacity and willingness to work diligently.

Contrasts in Women and Machines



Women's entry and advancement in the banking field parallels the development of modern bank equipment. Above, left, a Gay Nineties version of a business machine and its operator; right, a 1943 operator with a new calculator



Comments on Bank Women by Our Contemporaries

Los Angeles Banker:

"PERSONNEL turnover and the rising tide of young women in Los Angeles banks are reflected in the membership of the A.I.B. Approximately one-half of all Fall enrolments represented new members in the chapter, and three-quarters of all new members are women. Yes, the 'complexion' of the Institute's student body is showing marked improvement."

★

The Teller (published by The Detroit Bank):

"LESS than a year ago there were two men for every woman in the employ of the bank, and that ratio had remained nearly constant for a long time back. Today the ratio of male to female employees is about even—one to one.

"There is quite a story back of these figures. It's not so very long ago that there were no women at all working in banks. Henry Hoehner, manager of

the Savings Department, remembers that when he worked at the Merchants and Miners Bank of Calumet from 1909 to 1914 there were only men on the staff, except for one stenographer. John C. Dilworth, assistant cashier, says that the first female member of the staff of this bank was Julia Mayer, who was employed in 1904 as secretary to Dewitt C. Delamater. . . . The second girl, a telephone operator, was added in 1906.

(Continued on next page)

Speed and precision are as vital to the smooth functioning of bank operations as they are to the bomber plant, making the file clerk and her filing system important cogs in an efficient bank organization. At right, a "turn of the century" secretary transferring her filing from an overcrowded desk to the wastebasket. "God Bless Her Aching Back" was the caption of the original drawing. Anyone in the organization should be able to locate papers speedily in the files kept by the modern filer at left





In the Victorian period, when the woodcut by Eugene Lami, at right, was produced, bookkeeping was done by hand. By contrast, practically all bank records are made by machine today. At left, a proof machine operator in a small bank "proving" the day's transactions



(Continued from page 33)

... There were no women employed in actual banking operations in this bank until a much later date.

"... Step by step in recent years they have won their equal places beside men in the affairs and activities of the world, and little by little, men's private domain has dwindled almost out of existence. ... They have established themselves in every field of activity—sport, science, art, business, government, and now they are even finding new places in war itself. But if wars are ever abolished, it will probably be women who accomplish it. In that respect men have not done any too well at running the world."

*

W. F. Lawson, vice-president and comptroller, The First National Bank of Boston, in Boston Chapter's Banker:

"WOMEN gained their entree into banks about

25 years ago at the time of the last war. During the years that followed, they definitely made a place for themselves. Today, we are faced with another critical situation, and still greater opportunities in banking are open to women. My answer to the question, 'Can Women Make a Greater Place for Themselves in Banking?' is that they will, but I cannot say to what degree. That lies with the women themselves.

"Let us approach the subject from another angle, and not think of women as a group. After all, it is individual effort multiplied many times that advances any group to greater heights. Therefore, if a number of women by personal individual effort can prove they are capable of holding bigger jobs in banking, they will get them.

"... The responsibility for the affirmative answer to the question rests squarely on the shoulders of thousands of individual women."



The typewriter (and the typist)—indispensable to present-day business—has been modernized immeasurably since 1867, when the early model, right, was exhibited at the Paris Exposition; left, one of the last models to leave the assembly line with a trim business woman at the keyboard

OLD PRINTS FROM BETTMANN ARCHIVES



Silent Saboteur

As part of a nationwide educational program to teach the American public how to detect fake money, the exhibit pictured on this page was arranged by the U. S. Secret Service in cooperation with The Chase National Bank and Rockefeller Center, New York City.

The gallery at the right displayed specimens of invasion money used by the Japs against the Philippines and Burma, and bills printed in anticipation of occupying Australia; also, specimens collected by the Secret Service in the five-year drive which has reduced counterfeiting 93 per cent in this country.

Opening night ceremonies included a coast-to-coast broadcast of an interview by Lowell Thomas with Winthrop W. Aldrich, chairman of the Chase, F. J. Wilson, chief of the Secret Service, and A. W. Hall, head of the Bureau of Engraving and Printing.



A first-nighter crowd files through the exhibit gallery to view the Secret Service educational film, "Know Your Money." A similar exhibit is expected to tour the country shortly



Among the guests—Information Please! Clifton Fadiman tries to stump Franklin P. Adams with a question on War Stamps. At left, Milton Lipson, agent, New York Secret Service office















Among the principals: (left) Frank J. Wilson, chief of the Secret Service; Winthrop W. Aldrich, chairman, Chase National Bank; (right) James T. Lee, Chase vice-president

A feature—the first demonstration of War Stamp printing permitted by the Bureau of Printing and Engraving outside of its own premises. Inking the plate

Spectators watch the process as sheets of 25-cent War Stamps are peeled from the small unit press. Special attendants took care of sales on the spot



This Time for Uncle Sam


JANUARY	FEBRUARY	MARCH
		
APRIL	MAY	JUNE
		
JULY	AUGUST	SEPTEMBER
		
OCTOBER	NOVEMBER	DECEMBER
		

**\$100 a month
—no depend-
ents**

THE black squares in the calendar blocks show approximately the number of days' salary in the various brackets that will go to the payment of Federal income, Victory and Social Security taxes this year.

The amount is computed on a basis of net income before personal exemption of the stated amount of salary per month, plus the Victory Tax (without deduction for postwar credit), plus the Social Security tax.

Other direct or indirect Federal taxes are not included; neither, of course, are state or local taxes.

JANUARY	FEBRUARY	MARCH
		
APRIL	MAY	JUNE
JULY	AUGUST	SEPTEMBER
OCTOBER	NOVEMBER	DECEMBER

\$200 a month—wife and two children

The image displays a 3x3 grid of 12 blank monthly calendars for the year 2000. Each calendar is a 6x7 grid with the month name at the top. The first row of the grid shows January, February, and March. The second row shows April, May, and June. The third row shows July, August, and September. The fourth row shows October, November, and December. The calendars are blank, with only the month names and the grid structure visible.

\$100 a month—wife and two children

The image displays a 3x3 grid of monthly calendar templates for the year 2000. Each cell in the grid contains a calendar for a specific month, with the month name at the top and a grid of days below. The months are: January, February, March, April, May, June, July, August, September, October, November, and December.

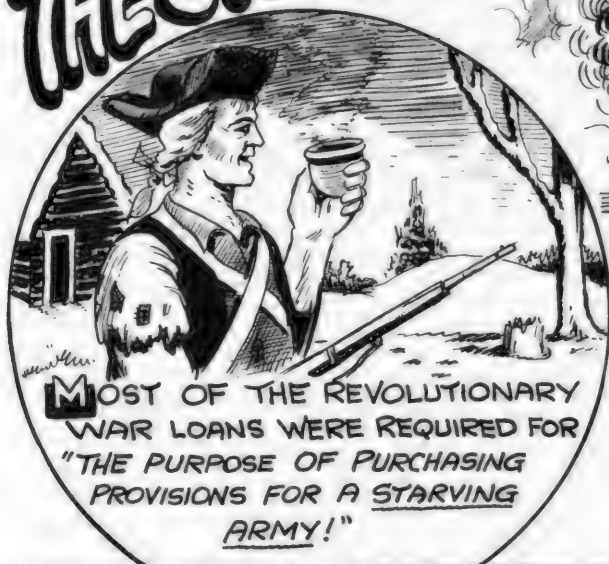
\$300 a month—wife and two children

The image displays a 3x3 grid of calendar templates. Each template consists of a header with the month name and a grid of days. The months included are January, February, March, April, May, June, July, August, September, October, November, and December. The templates are arranged in three rows and three columns.

JANUARY 	FEBRUARY 	MARCH
APRIL 	MAY 	JUNE
JULY 	AUGUST 	SEPTEMBER
OCTOBER 	NOVEMBER 	DECEMBER

\$500 a month—wife and two children

THE STORY OF MONEY IN WAR



MOST OF THE REVOLUTIONARY WAR LOANS WERE REQUIRED FOR "THE PURPOSE OF PURCHASING PROVISIONS FOR A STARVING ARMY!"



IN THOSE DIFFICULT TIMES, EVEN HAND-WROUGHT, TEN-PENNY NAILS PASSED FOR MONEY! OFTEN, WHEN A SETTLER MOVED ON, MANY A HOUSE WAS BURNED TO SAVE THE NAILS!



FRANCE AIDED THE AMERICAN REVOLUTIONISTS WITH MONEY AND SUPPLIES, BUT, ON ONE OCCASION, THE AMERICAN ENVOY, BENJAMIN FRANKLIN, WAS REFUSED ADMITTANCE BY THE FRENCH FINANCE MINISTER IN PARIS BECAUSE OF THE AMERICAN'S CONSTANT PLEAS FOR MONEY, TO HELP HIS COUNTRYMEN!



THE FIRST COIN ISSUED BY THE AUTHORITY OF THE U.S. GOVERNMENT WAS THE "FRANKLIN CENT," AS A TRIBUTE TO FRANKLIN..... WHOSE NAME IS SYNONYMOUS WITH THRIFT.

NOW, WITH OUR COUNTRY AGAIN AT WAR FOR FREEDOM'S CAUSE, THRIFT SHOULD BE PRACTICED MORE THAN EVER!

WITH THE PURCHASE OF WAR SAVINGS BONDS AND REDUCED SPENDING, FUNDS FOR THE SUCCESSFUL PROSECUTION OF THE WAR ARE ACCUMULATED.



Signs of the Times



AN AUTOMATIC check on civilian spending is developing, of course, through the inability of retailers, wholesalers and jobbers to replenish their inventories, but this is not enough. Gas rationing will also have an effect on spending but may not do any more than shift purchasing to stores nearer home. Incidentally, the mortality of these small local businesses which are adversely affected in these various ways is becoming more and more of a headache as a real estate problem. Three examples of the war's impact in small business are pictured here.





Dispensing Treasury cash for army payrolls is a main function of the new government-appointed banking facilities. Finance officers (above) collect the pay load at the Camp Lee branch of the Citizens National Bank, Petersburg, Virginia

Banking's H.Q.

THE War Department's bank facility program had been extended to a total of 37 commercial banks by December 15. Similar appointments will continue until the major training camps and military bases over the country are adequately provided with banking service.

Serving as a general depository of the Treasury and as financial agent of the Government are the chief functions of a facility. Limited services for camp personnel include checking and savings accounts, sale of bank money orders and War Bonds and Stamps. In a few cases, safe deposit service through the bank's main office is offered.

(Continued on page 40)



Enlisted men point out this low-slung barracks as the most important building on the Indiantown Gap Reservation

★

The Planters Bank and Trust Company, Hopkinsville, Kentucky has temporary quarters here at Camp Campbell



It houses this streamlined, efficiently managed branch of the neighboring First National Bank of Lebanon, Pennsylvania

★

Chicken wire and unpainted pine siding may not measure up to standards, but in the Army service is all that counts



The pictures on this page show banking's G.H.Q. at Fort Dix—one of the largest training centers in the country. On October 15, the Peoples National Bank and Trust Company, Pemberton, New Jersey, established a limited facility, taking over business handled through the Army Finance Office at Trenton.

A check on activity indicates a similarity with regular banking: peak loads tower at the month end, registering six times normal activity. With a permanent staff of three employees the unit handles an item every 30 seconds through a long business day. To speed operations notices are posted on the tellers' glass requesting officers to have their identification cards ready.

With the exception of the first announcement by the C. O. in the camp bulletin, business volume has grown without stimulation. The men who formerly traveled to Trenton—an hour to an hour and a half round trip—appreciate "on the spot" service. In the Army, news of good things has a way of getting around.

There's no profit motive in running a camp bank facility, but the Treasury gives assurance against loss.



The Fort Dix facility is operated by the Peoples National in this wing of the Quartermaster's Building

The banking rooms were formerly used by the finance office of the 44th Division. The foreground group are camp employees



The staff from left: George Bastain, teller, Mrs. Miriam Rush, clerk, W. H. Kline, assistant cashier, N. B. Morton, cashier

The unit is entirely independent of the bank's Pemberton office. The only daily contact is an exchange of clearings



Cashing Checks for Service Men

JOHN J. MCCANN

This article continues a report, started last month, on bank services for service men.

THAT old saw about the Army traveling on its stomach may be true in the field, but when Johnny Doughboy gets a furlough he's a glum soldier if free time is all he has to spend.

A check in his pocket is so much paper. Cashing it sometimes presents a problem. If it happens to be a pay check drawn on the Treasury, the nearest bank will accommodate him gladly upon seeing his credentials. Nine times out of ten this service is free.

Identification is readily established with the liberty card, "N. Nav 546," carried by Navy men and the Coast Guard, a similar card issued to Army officers, the enlisted man's identification disc, individual pay records, furlough papers, etc. In fact, these are all recommended by the War Department as satisfactory identification for check cashing and other purposes. The Department, furthermore, has no objections to a bank asking questions—not involving military information—which may be necessary to clear any doubt of a service man's status.

A personal check drawn on a distant bank is, however, another story. When it is turned down by a strange bank or when he is asked to wait several days for collection, his reaction would be surprising if it were not so normal. Perhaps he is a bit more nettled than the average citizen when he meets up with the long standing, almost universal regulations applied to cashing non-depositor checks. After being given the "key to the town," dating the most eligible deb, meals on the house, dead-head tickets for Row A Center, and all the other courtesies that are his for the asking at the nearby canteen, running into impartial business practice may be something of a let-down. Yet he invariably displays a better than average appreciation of the bank's position when the situation is explained.

UNFORTUNATELY, many service men using checking service for the first time are not familiar with its normal limitations and this, more than any other factor, tends to increase the number of such incidents. Often the need to cash a personal check is unavoidable. Troops and particularly officers are shifted around the country on short notice and frequently without sufficient time to tend to personal business.

Every banker sympathizes with the soldier on this problem and its solution is of mutual concern, but policy and sound banking principles are not lightly set aside. The critics who would have you make an exception of personal checks for men in uniform seem to overlook the fact that check cashing—even for service men—is by no means the most important of banking's many contributions to the war effort.

There are certain complications of liability in dealing

with service men. While Federal law applies to all cases, the War Department takes no more than a reasonable stand in disclaiming responsibility for any transaction between a bank and military personnel resulting in fraud. War conditions make it impractical for that office to assist in collecting personal indebtedness, or to assist in furnishing addresses of any offending member of the armed forces. As suggested by Army headquarters, the bank's only immediate recourse is a report of irregularities to the local commanding officer, who will take appropriate action if possible; in the case of the Navy, reports should be made to the Chief of the Bureau of Naval Personnel, Washington. In any event, prosecution may be drawn out, perhaps postponed for the duration in the case of a man already serving overseas.

WHILE there is nothing in these facts to encourage a waiving of check cashing rules, a large number of banks have adopted less rigid rules for service men. Illustrating the extent to which some banks have gone, there's the case of the First National Bank of Blackstone, Virginia. A short while ago it was called upon to cash the personal checks of a whole regiment ordered out on short notice. These items ranged as high as \$3,000 on very distant points. Service of this caliber has been rather commonplace. But military secrecy and the natural reticence of bankers to talk shop publicly keeps such news out of print.

The several hundred banks queried on military relations, many of which are especially lenient with service men, report no serious loss in any of their dealings. The amount involved in the two cases reported totaled less than \$50. This experience alone is the best recommendation for tempering policy.

The First National Bank in Palm Beach, Florida, operates two facilities, at Morrison Field Air Base (pictured below) and at the Boca Raton Air Field



Some institutions have set a maximum on personal checks accepted from service men—\$25 is the usual figure on out-of-town items, and larger amounts for checks drawn on local banks. Some require a customer's endorsement, while enlisted personnel are often asked to secure the endorsement of a superior officer. Similar practices are enforced by some Post Exchanges, some branches of the Army Y and other service organizations which occasionally cash checks as an accommodation. When a service man becomes accustomed to local restrictions, he is naturally inclined to expect the same treatment elsewhere regardless of the circumstances—and thereby hangs the real crux of his problem . . . a problem of understanding and education.

A definite program of public relations directed at members of the armed services is the only possible wholesale solution to the check cashing problem, which will, indeed, be compensated for by the goodwill toward banking in general these men will bring back home.

WHERE to start? If it doesn't seem practicable to undertake the job as an educational campaign for the whole community, with at least an exposure of the facts to both present and future draftee prospects, then it may be handled on a more individualized basis through customer lists and through contact with local draft boards.

The first step may well be the preparation of a leaflet addressed to draftee prospects, explaining the services available to him as a member of the armed forces. Among other things the folder may stress the need of a will, estate management and use of other trust department facilities, safe deposit service, etc. On the assumption that his present banking connection will have limited use to him while he is in the service, the folder will do him a great service by recommending the withdrawal from his regular account of sufficient cash—part of which may be taken in bank money orders or traveler's cheques—to tide him over the first period of his induction. One bank recently advised its own draftee prospects to take along old clothes and a few essentials the Army doesn't provide—one of which is money. About \$10 in currency in small denominations, well concealed, is enough, and money orders or traveler's cheques for a minimum of \$20 are advisable. Many rules and regulations govern Army pay, and deductions frequently shave down the total received by a soldier.

The prospect should also be advised to transfer part of his balance as soon as

possible to the bank nearest his training camp for the personal convenience it will afford. He should be forewarned about regulations pertaining to non-depositor checks and the circumstances he may run up against where he is not known. He should know what to do when his check is refused: the possibility of confirmation by wire or telephone, transfer of funds by telegraph, etc. In short, the folder should be designed to answer all the questions that will come up sooner or later in Army camp banking relations.

This information may be condensed for lobby cards and posters and copies together with a supply of folders offered to local draft boards and particularly the induction center. While, to our knowledge, there is no record of such contact at present, a talk with the local C. O. will undoubtedly find him sympathetic and willing to cooperate.

The second step would be to appoint an officer to supervise all relations and transactions with men in uniform. Let him be the bank's trouble-shooter who may straighten out the problems that are often created at a busy teller's window where refusal to cash checks is not always covered by adequate explanation or advice. This officer should be sympathetic to the problems of service men, well versed in Army and Navy routine, and be especially public relations-minded. When relations are put upon such a plane, the likelihood of loss through worthless checks will be nil.

THIS program of military relations would also call for a revision of certain policies, including perhaps the cashing of government checks without charge, or at a charge covering costs only, if the volume happens to be too troublesome. Rules pertaining to the personal checks drawn by non-depositors may be uniformly relaxed to the point of setting a maximum amount.

If the bank is near a large Army or naval base a revision of hours may be helpful—perhaps one hour or so daily for the exclusive use of military personnel. The staff at that time may be recruited on a voluntary basis, and since the operation would be without profit it would probably not be subject to the wages and hours law.

There is little possibility of establishing a program of this kind on a national basis, but it can be developed individually in the course of time.

Since the War Department or its service branches have not taken any action to advise military personnel on the subject of cashing checks—government or otherwise—the job seems to be banking's.

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old*

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SEE OPPOSITE PAGE

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The LEGAL ANSWER PAGE



Reimbursement of Directors and Officers

What is the present state of the law relative to reimbursement by a bank of its directors and officers for expenses of actions or threatened actions against them based on their official conduct? Is legislation desirable? Is a by-law desirable?

A CONSIDERATION of these questions is particularly pertinent now because the legislatures of most of the states meet in January and the annual meetings of national banks and of most state banks are held this month.

The decision causing concern in this connection was *New York Dock Co. Inc. v. McCollom* (1939) 173 Misc. 106, 16 N. Y. S. (2d) 844, an opinion as official referee by Judge Crouch who had retired from the Court of Appeals. Reimbursement was not allowed although the defendant directors had a judgment on the merits in a stockholders' action against them. It was generally felt that the case rendered uncertain the reimbursement of directors who successfully defended actions against themselves. The exact nature of the McCollom case as a judicial precedent is difficult to determine because of the extremely technical nature of the exact issues presented, as is pointed out in detail on pages 340 to 343 of Washington's "Corporate Executives' Compensation," published in 1942 by the Ronald Press. The McCollom case was referred to incidentally in *Heller v. Boylan* (Supreme Court, New York County, 1941) 29 N. Y. S. (2d) 653, 695.

SUPREME Court Justice Walter in *Application of Bailey* (1942) 37 N. Y. S. (2d) 275, 279, stated that the McCollom case "apparently stands alone . . . and over against the opinion of Judge Crouch there is the general principle that faithful fiduciaries are to be indemnified out of the trust property for their necessary expenses." He said "that the principle [that reimbursement] is not confined to cases where the incurring of the expense has of itself brought property into the trust is entirely clear and is particularly manifest from [the cases cited by him] in which in a very substantial sense the expense was incurred in protecting what was in essence the personal interests of the fiduciary." On page 282, he said that General Corporation Law § 61-a, added in 1941, "clearly is not a legislative determination that under previously existing law no right of reimbursement existed . . . but rather a legislative determination to settle in the way the legislature regarded as wise a point previously uncertain."

Vice-chancellor Stein of New Jersey in *Solimine v. Hollander* (1941) 129 N. J. Equity 264, 19 Atl. (2d) 344,

stated that reimbursement of a director is not barred by failure to show " . . . that in maintaining successfully his own defense in the stockholder's suit he has conserved some substantial corporate interest or has brought some benefit to the company . . ." (p. 346).

"I am also mindful of the policy which dictates that directors, like executors and other trustees, should be encouraged to resist unjust charges in the confidence that ultimately, if their innocence be judicially established, they will be reimbursed for their necessary expenses of defense. Such a rule enables the director of limited means to enlist the professional service and aid of competent counsel who will be willing to undertake the defense upon the assurance that, if successful, payment would be forthcoming from the corporate treasury. The withholding of such assurance might well have the effect of denying the financially disabled director the opportunity of adequate representation in the suit against him. But what is more important than this is the fact that the right to reimbursement is a circumstance that would actuate and induce responsible businessmen to accept the post of directors, the emoluments of which would otherwise never be commensurate with the risk of loss involved in paying out of their own pocket the costs involved in defending their conduct. The right of reimbursement carries with it the added virtue that it is likely to discourage in large measure stockholders' litigation of the strike variety with which the courts are not unfamiliar. Such litigation is occasionally brought in the expectation that the accused directors and officers will pay something to escape not so much the risk of surcharge or removal as the substantial costs involved in adequate defense, particularly if the litigation is likely to be a prolonged one. These considerations and others like them are undoubtedly responsible for the many instances in which corporations have in recent years amended their by-laws so as to offer their directors contractual indemnity against the cost of unjustified suits. See Washington [Litigation Expenses of Corporate Directors in Stockholders' Suits (1940) 40 Columbia Law Rev. 431] 452. As the writer of that article states, such a step does much to encourage men of standing to undertake active responsibilities as directors." (p. 348)

"I, therefore, hold that the directors and officers who have successfully defended this suit on the merits and who have demonstrated honesty and loyalty to their trust are entitled to be reimbursed by the corporate defendant for their reasonable expenses and counsel fees either already expended or incurred in connection with this cause. The use of the word 'reimbursement' presupposes previous payment by them." (p. 348)

(CONTINUED ON PAGE 70)

Loans on Accounts Receivable

RICHARD S. DOUGLAS

MR. DOUGLAS is assistant counsel of The Cleveland Trust Company, Cleveland, Ohio.

BANKS throughout the country are showing a marked interest in accounts receivable as security for loans. Experience has shown that these loans, when properly handled, are profitable and extremely helpful to the business man. Unfortunately there have existed in many of the states certain risks which have made receivable-lending so hazardous that many banks have either refrained from lending or have found it necessary to protect the loans by cumbersome and expensive safeguards. Even these failed to offer full and satisfactory protection in many cases. Hence, many banks were obliged to restrict such lending so narrowly that many business concerns, accordingly, found difficulty in securing loans at reasonable rates.

In many jurisdictions notification of the borrower's debtor, always distasteful to the borrower, has either been required as a matter of law, or the necessity thereof not determined either by decision or by statute and, therefore, problematical.

WHEN the Chandler Act was adopted in 1938, amending the National Bankruptcy Act, Section 60a was so amended that in the opinion of counsel for many banks, lending on receivables became decidedly hazardous in jurisdictions where it was not clear that notification was unnecessary. The section, as amended, provides that if the transfer is not so far perfected that no bona fide purchaser and no creditor could have obtained rights superior to the transferee, the transfer is deemed to have been made immediately before bankruptcy. Of course, if the transfer is regarded as made immediately before bankruptcy, the result is that the pledgee may have received a preference which will reduce him to the rank of a general creditor.

That this was the purpose of those who drafted the amendment is beyond all question. The draftsmen of the amendment have declared repeatedly that the object of this section is to outlaw secret liens of all sorts including those on collateral, the possession of which is not or cannot be given to the pledgee, and that even though the consideration for the loan is contemporaneous with the pledge, it is a voidable preference if the transfer was not perfected in the manner above described. Obviously, failure to notify, if requisite, would render the transfer imperfect.

It is true that the United States Circuit Court of Appeals, Fifth Circuit, decided otherwise on November 15, 1940, with regard to bills of sale which, although given at the time the bank loan was made, were not recorded until immediately before bankruptcy. This decision in *Adams vs. City Bank and Trust Company of Macon, Georgia*, was denounced by the authors of

The Ohio act is certainly a great relief to the borrower who now knows definitely that notification of his debtor is unnecessary. It is believed that the Ohio act affords a simple, safe, and sound system of lending on accounts receivable. In these days when working capital is difficult to obtain, banks would do well to make available to business men loans on desirable receivables at reasonable rates. Borrowing on this kind of collateral is no longer regarded as a sign of insolvency, but has come to be recognized as a prudent means of obtaining credit. It is encouraging to discover that banks are showing so much interest in an outlet for their funds which is equitable to the borrower, wholesome for the business world in general, and profitable to the bank.

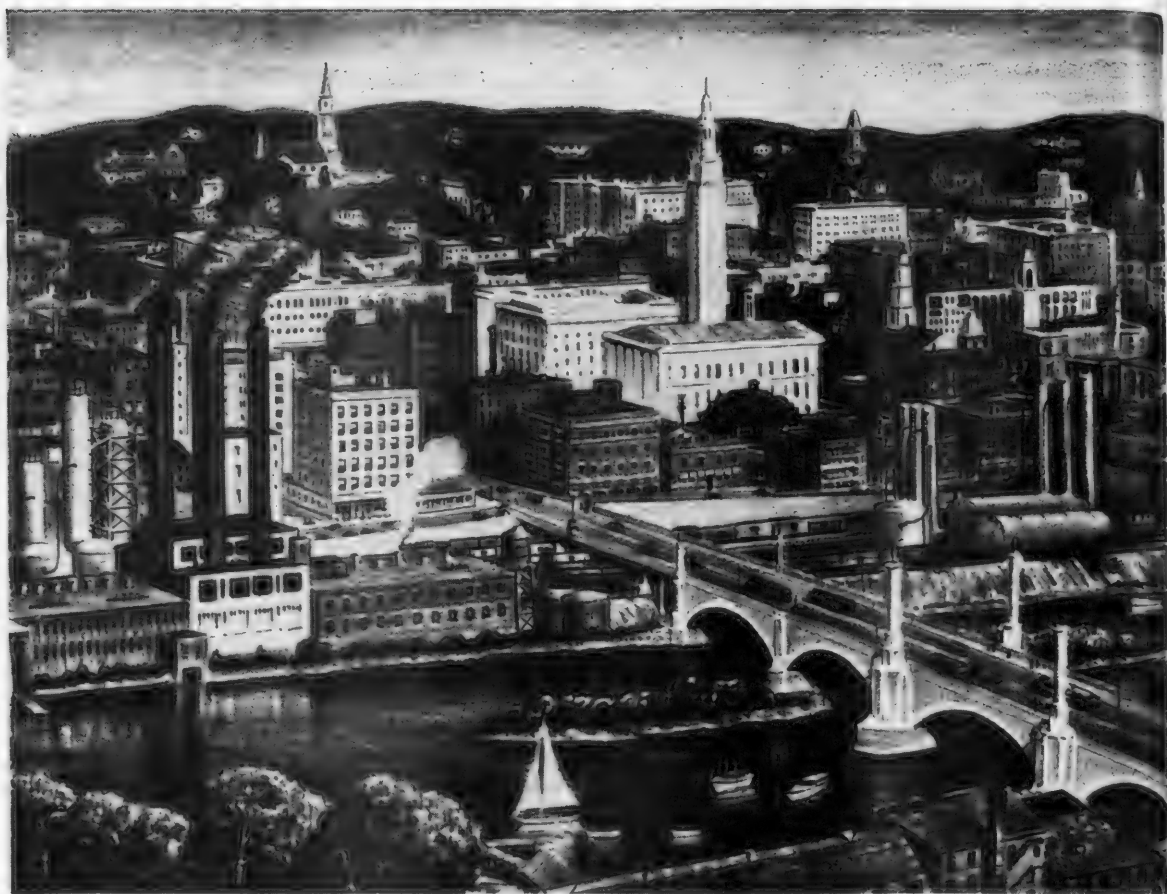
Section 60a as contrary to what they regard to be the clearly expressed intent of the law, and their opinion was confirmed by the decision last August of the United States Court of Appeals, Third Circuit, in the case known as *In Re Quaker City Sheet Metal Company*. This court refused to follow the Adams case, pointing out that since, under the law of Pennsylvania (now changed by statute, if books marked as required), notice of the assignment to the pledgor's debtor was necessary and had not been given, the transfer, therefore, had not been perfected so as to be good against a bona fide purchaser or creditor.

ACCORDINGLY, the court held that it was void and the pledgee-bank was merely a general creditor even though the consideration was contemporaneous with the transfer. This court refused to adopt the view of the Court of Appeals in the Georgia case that Section 60a made voidable only an assignment for an antecedent debt. In a footnote the opinion in the Quaker City case referred to an article entitled "Aspects of the Chandler Bill to Amend the Bankruptcy Act" by Professor McLaughlin of the Harvard Law School, a member of the Bankruptcy Conference, who was one of the draftsmen of Section 60a.

The Supreme Court of the United States refused to consider the Adams case, but it appears likely that it will review the Quaker City case. Regardless of the final decision in the Quaker City case, legislation is desirable to set at rest the question of the necessity of notification (in states where it is in doubt); it is equally important that a simple method be prescribed by which an effective pledge of receivables may be obtained and secrecy respecting such pledges may be eliminated.

The Ohio act, which became effective on September 1,

(CONTINUED ON PAGE 47)



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Accounts Receivable

(CONTINUED FROM PAGE 45)

1941, is believed to have protected lending on receivables in Ohio and made such lending more satisfactory to both borrower and lender. It was endorsed by the Ohio Bankers Association, various trade associations and the Cleveland Association of Credit Men. Since an Ohio court of last resort has never passed on the necessity for notification, it was felt that there existed uncertainty as to how, under Section 60a of the Bankruptcy Act, the test of perfection of the transfer might be said to have been satisfied.

The law provides for the filing by the borrower and lender (designated "transferor" and "transferee") in the office of the county recorder where the borrower resides or has its place of business of an affidavit of the borrower and lender, stating that the borrower has arranged to assign an account or accounts to the lender. The deposit for filing of the affidavit with the county recorder constitutes notice to all persons (except the borrower's obligors and purchasers and mortgagees of returned goods) of the borrower's intention to assign accounts. The affidavit is good for three years or until cancellation.

The lender, thereafter, obtains a first and paramount lien on any accounts assigned prior to the expiration of the term of three years, or the date of cancellation, on the proceeds of the assigned accounts, and the property, if any (the sale of which gave rise to the accounts), not accepted by the obligor. Provision is made for re-filing when the pledged accounts have not been paid within the three-year period, or in case the relation of borrower and lender is to continue thereafter; there is provision for cancellation at any time by the transferee. The affidavit can be set forth in only 14 lines, containing only 143 words.

UNDER the Ohio act neither the amount to be borrowed nor the names of the obligors of the pledged accounts, nor a schedule of the accounts need be set forth in the affidavit. Any number of separate assignments can be made after the affidavit is filed. The act explicitly provides that when the affidavit is filed and the assignment made "neither the assignment nor the rights of the transferee thereunder or pursuant thereto shall in any manner be affected by any act or thing done or omitted to be done by the transferor with respect to the account so assigned, the proceeds thereof, and the property, if any, the sale of which gave rise thereto."

It is clear from the act that since a first and paramount lien is obtained when the affidavit is filed and an assignment for valuable consideration is made, notification of the obligor is unnecessary.

The reaction of borrowers to the act has been thoroughly satisfactory. Once they learn that they are not required to make a matter of public record of the amount of the borrowing or the names of the accounts, experience has shown that they regard the law with favor. The objection that such a transaction should not be made a matter of public record is without merit. The business world has long approved the filing or recording

of chattel and real estate mortgages, conditional sales, trust receipts, and bailment and other leases.

To take the position that if the pledge of accounts receivable must be made a matter of public record, therefore pledges of stock certificates, bonds, and other choses in action evidenced by written instrument should be treated likewise, is obviously absurd. In the case of these instruments, a pledgee can actually secure possession of the thing pledged; there can be no secrecy because the prospective lender can require the delivery of the security offered for pledge and a prospective creditor can demand a view of the asset. It is entirely otherwise with receivables which are perhaps more informally evidenced than any other choses in action known to the business world.

THE very informality of accounts receivable which may arise within certain limits by a telephone conversation, a nod of the head, a letter, or a memorandum, has in a large measure created the difficulties which have arisen where the pledgor went into bankruptcy. The National Bankruptcy Conference, after a most exhaustive study of the situation, came to the conclusion that there was great harm and injustice in secret liens of all kinds, including those on collateral the possession of which cannot be delivered. Accounts receivable from their very nature lend themselves to secret dealings; physical possession of the thing pledged is manifestly impossible.

The Ohio act, by requiring the filing of the affidavit, brings receivable-lending into the open; few lenders would be willing to risk loss of their lien by failing to file. The prospective creditor need not depend upon an examination of the borrower's books. The affidavit informs him that the party in question has made arrangements to assign his accounts. With the cooperation of the borrower he may discover authoritatively from the lender the extent of such borrowings. If such cooperation is refused, the prospective creditor need not deal with him.

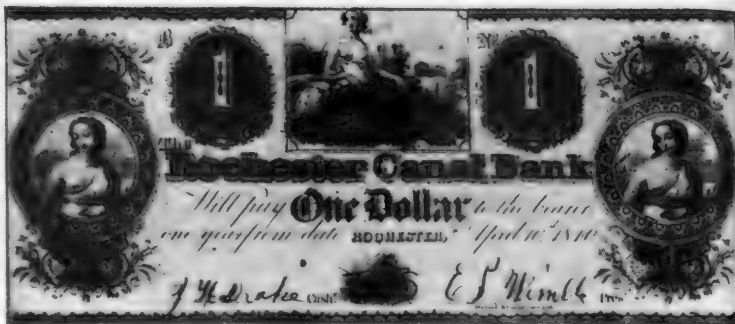
THE Ohio act disturbs none of the normal relationships between the borrower and his debtor; in fact, the act contemplates that in most cases the debtor will not be informed of the assignment. The debtor may continue to pay the borrower in the customary way and is not hampered in the return of unsatisfactory merchandise, but the borrower is constituted a trustee for the benefit of the lender of any amounts collected or goods returned. Subsequent purchasers of returned goods, who acquire them in good faith and for value, are protected.

The point should be emphasized that regardless of whether Section 60a of the Bankruptcy Act is held not to apply to a pledge made contemporaneously with the loan (even though the transfer fails to meet the perfection test), legislation may be necessary in a number of states to make clear that notification is not required, and that acts or omissions of the borrower unknown to the lender cannot defeat the assignment. The reasons for requiring a public record to be made in a receivable transaction are just as cogent as where real estate or chattels are pledged and left in the possession of the borrower.

A Mystery Bank

IF YOU'D like to do some amateur sleuthing, the writer offers the "Mystery of the Rochester Canal Bank" as something to match your wits against. Maybe you can find a solution as to this institution's place, if any, in the banking activity of Rochester, New York.

Our only clue is a \$1 bill dated April 10, 1840. Thickening the plot, however, is that fact that although "Rochester" appears in the date line, no state is designated.



Some years ago when the Chase National Bank's exhibit of obsolete bank notes was displayed in upstate New

York, a similar bill was included. The late George Gillette had a specimen in his extensive numismatic collection, signed, "R. Lyman, cashier" (no signature of the president). The bill illustrated, and presumably drawn on the same bank, is in the possession of Dr. Arthur C. Parker, director of the Rochester Museum of Arts and Sciences. This carries the signature of G. W. Drake, cashier, and E. P. Wimble, president.

Adding to the confusion, we find that none of the above officers is listed in Rochester city directories of that period, nor is the name of the bank mentioned. There is no record of the bank in any history of the community.

VARIOUS theories have been advanced; the most recent and convincing is offered by Dr. Parker: The Genesee Valley canal was opened in 1840. The bank may have been set up and the currency issued for the convenience of canalers, shippers and passengers to take care of the rapidly growing business brought to the valley. The new canal was better known as the "Rochester Canal," hence the name was given to the bank.

It is also reasonable to assume that the Rochester Canal Bank was a branch of a similarly named institution, for there were in existence at the time: The Canal Bank of Albany, incorporated in 1829 and failed in 1848; the Canal Bank of Lockport 1839-1846; the Canal Bank of New York City, and the Canal Bank of Cleveland, Ohio.

The custom was, it seems, for private bankers and state banks to flood the country with paper money, then known as "wild-cats," "dead dogs" or "stump tails," and maybe our spoor ends there.

If you have a more plausible answer and can produce some documentary or other convincing evidence, your reward will be the grateful thanks and appreciation of many historians, researchers, collectors and the occasional news writer who failed to solve the mystery.

WILLIAM T. A. DURAND
Historian, Rochester Chapter
American Institute of Banking



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We are toughening body and spirit — and that is a good and wholesome thing. At the same time we are creating *solvent families* — families that stand on their own feet financially — families better prepared to do whatever must be done in tomorrow's unknown world.

This is the silver lining behind the gathering cloud of sacrifice and self-denial. It is something a life insurance company can contemplate with special satisfaction ... for the financial independence of the family, *whether or not* the breadwinner lives out his normal span, has always been the prime objective of our business.

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O. J. Arnold

President



How to plan your life insurance in time of war

Right after Pearl Harbor, this company suggested the following procedure to life insurance buyers:

"... instead of the so-called investment policy with high cash accumulations, we recommend that when you buy additional new insurance you buy low-premium policies with smaller accumulations, stressing life-long protection against death. There will be a difference in premium cost. *Put that difference into War Bonds.*"

This advice seemed good then, and it seems good today.

The NWNL agent has an extra incentive for giving you the unbiased counsel you need especially today, when life insurance dollars must do a bigger job than ever; he is paid not primarily for his new sales, but for the *quality of his service* to policyholders, as indicated by their persistence in keeping in force the insurance he has sold them.

Future Market for Bank Services

I. I. SPERLING

"There are developments in the laboratories that will greatly affect the graphic arts," says Mr. SPERLING, assistant vice-president of The Cleveland Trust Company, Cleveland, Ohio. "Printing plates for direct mail, newspapers and magazines may be made of plastic or some other substitute for metal. Wider use of improved color processes is in the offing."

IN time of war, prepare for peace!

While all of us must devote our utmost energy to the job of winning the war, the laboratories of the country, as well as newspaper discussions of post-war planning, give ample evidence that the problems of peace are receiving some attention even now. Dr. Howard T. Hovde, consultant to the Bureau of Foreign and Domestic Commerce, is quoted as saying that 95 per cent of plans today must be devoted to winning the war; 5 per cent to after-the-war planning.

You have undoubtedly seen pictures of future homes, automobiles, household appliances, planes and other articles of civilian use which the industrial designers are even now dreaming up on their drawing boards.

Banks, too, are giving some thought to "the shape of banking to come." One of the first things to do will be to re-examine the market for bank services and the media by which that market can best be reached. While some economists are viewing with alarm what they regard as the inevitable depression when hostilities cease, others are optimistic in their view that the reconstruction period with its crying need to reconstruct war-torn countries, to replenish worn-out civilian goods, plus the great mass of deferred buying-power through the cashing of War Bonds, etc., will usher in a great period of prosperity.

THE war is bringing changes that will make much past data on markets obsolete. Fighting men returning to peacetime jobs always bring new needs and wants. Among the first will be civilian clothes. But many of them will need money to pay back debts "frozen" by the Soldiers' and Sailors' Civil Relief Act. They and their families will also need new homes, property repairs and new household equipment and automobiles. That should mean personal or instalment loans, and real estate and property modernization loans. And escrow fees are usually a part of mortgage loans.

The high wages of war workers will enable many of them to enjoy many things they formerly found were out of their financial reach even in a country with so high a living standard as ours.

The shifting of working populations, millions of marriages and births, the revival of small businesses squeezed out by the national conversion to war industry, will again bring about an upheaval of established business traditions, policies and practices.

Conversely, heavy taxes and restrictions on upper

bracket incomes will bring a leveling off that may change more class markets into mass markets.

Thrift should have a rebirth as a result of the hard lessons of the depression and of the investment value of the War Bond campaigns. The value of safe deposit boxes for keeping War Bonds safe should continue to make such rentals popular for other valuable and important documents and securities.

The services rendered by trust companies to executives in the armed forces or in the war industries will have won new friends for trusteeships, agencies, executorships and other trust facilities. But the field for living trusts and large endowments may have shrunk while the market for smaller trusts, life insurance agreements and some form of common trusts will expand.

The growing use of banking-by-mail to conserve time, tires and gasoline in a war economy may prove a hold-over in peacetime.

The clearing of ration coupons through the banks may be expected to bring into the bank thousands of people who never before had occasion to use bank service. Similarly, many war workers who learned for the first time the economy and convenience of pay-as-you-go or regular checking accounts will undoubtedly continue to use them on an increasing scale and many will probably become users of other bank services. The sales opportunities are obvious.

WAR-ENFORCED stay-at-homes, as well as fighting men eager to revisit the scenes of their war experiences in peacetime, should create a deferred travel department business of no mean proportions.

Commercial loans will undoubtedly feel the effects of the conversion back to civilian production, but this time without (in many cases) government subsidies. This in turn should be reflected in the bank's investment portfolios with a return to more normal commercial credit and less reliance on government issues as earning assets.

Now about the media through which to advertise and sell these services.

There are developments in the laboratories that will greatly affect the graphic arts. Printing plates for direct mail, newspapers and magazines may be made of plastic or some other substitute for metal. Wider use of improved color processes is in the offing.

Television, out of its swaddling clothes, promises to make its debut as a full-fledged member of the advertising-media family. The full-color motion picture just beginning to blossom as a sales tool when war came, should certainly see wider usefulness.

Outdoor advertising with newly developed lamps and ingenious motion may anticipate a welcome after many months of curfews and blackouts.

Prophecy is always risky, but if we don't dream and plan for better days, we'll never have them.

Manpower

A MANPOWER pool of white collar workers for part-time mechanical work in war industries has been organized at Hartford, Connecticut, under a plan originated by W. Gayer Dominick, comptroller of the Mechanics Savings Bank.

The pool, now operating through the local United States Employment office, contracts with a manufacturer to fill an agreed number of jobs on the night shift. Usually, a group of several men are assigned to each job and they arrange work schedules among themselves. In an emergency, one may call upon another to substitute.

Qualifications are willingness and physical ability to work at least 12 hours a week, spare time. Applicants must first obtain their regular employer's permission; unless cleared through the agency, local factories have agreed to turn away white collar help.

The original 40-odd members of the pool were given mechanical aptitude tests by the employment service and results were surprising. The first manufacturer to tap the pool was the Hartford Steel Ball Company, and now with the "ice broken" more than 1,000 applicants are kept in circulation.

According to Mr. Dominick, the plan should help relieve the critical labor shortage and tend to lessen the necessity of calling in outside workers, which increases the housing problem.

"Indeed," he says, "the additional pay received at a war plant may be just enough to make up for the rise in living costs. With it, many white collar workers will decide to keep their steady jobs."

Transit Letters

THE FIRST NATIONAL BANK of Lincoln, Nebraska, saves postage and extra handling of small items by holding all cash letters of \$50 or less for three days. If the total within that period has not reached \$50, the accumulated items are mailed without further delay.

Mites

MIDGET LETTERHEADS will no doubt join the other short-lived fancies, as did midget cars and midget golf. To use abbreviated letterheads as informal memoranda may have a practical side, but if this idea of cutting the cuffs off standard letterheads is intended to help polish off Hitler, the economy is a mere mite: exactly \$0.001 per letter. Add the inconvenience of typing and filing, and where are you?

Although the paper industry has given up a lot of chlorine and other war materials—we're told paper for business correspondence is plentiful and cheap and needs no curtailment.



Jacqueline Crawford, 3½, exchanges her pennies for War Bonds at the First National Bank of Orlando, Fla., in response to the Treasury's anti-boarding appeal

Formidable

IT'S GETTING beyond the joke stage—this business of creating forms for every conceivable act of business. Conservation frowns upon the waste of printing, and filling in and filing as upon the useless consumption of paper itself. Why, just the other day we received an "invitation, bid proposal" from one organization for a subscription to BANKING. It arrived in triplicate—30 pages in all—neatly printed in two colors with a mimeographed fill-in for us to sign. Then, we heard of a fellow who lost his fuel oil ration blank and upon applying for another was told that he would have to file an application for a duplicate application blank. Maybe it's funny, yet it behooves us to look over our own

"ingenious" forms for duplications of information and effort. The letters received from enthusiastic anti-wasters indicate there's plenty of room for improvement of bank forms in general.

Meet the Shortage

THE RESEARCH COMMITTEE of the National Office Management Association recommends the following practical operating methods for meeting the wartime shortage of typewriting equipment:

1. WORK PRODUCTION.—Reduce the need of typewriters by careful work analysis and appraisal.

A. Work Elimination:

Discontinue unnecessary and outdated reports and records and prepare other reports at less frequent intervals.

Redesign forms and systems to permit the writing of multiple records at one typing. Order procedures, payroll procedures, inventory control records, etc., are susceptible to such treatment.

Reduce correspondence requirements through more complete and more prompt letters to reduce need of follow-up or clarification; provision of extra carbon for longhand notation of reply and return; provision of check-off form or postcard for indicating one of several standard replies.

Use of form or processed letters and postal cards; window or pre-addressed envelopes for regular mailings; hand-written postal cards for acknowledgments.

B. Work Reduction:

Shorter letters, memorandums, reports, etc.

Eliminate formal salutation, complimentary closings, punctuation, etc. This has special application to inter-office correspondence.

Reduction of number of "rewrites" by permitting longhand corrections, crossing out errors, exercising more care in initial dictation or composition.

Use of fill-in or skeleton-printed forms and letters. These can be used effectively for many regular reports.

2. CENTRALIZATION OF EQUIPMENT.

—Provides greater flexibility in the use of the available machines. It facilitates supervision, production and the establishment of performance standards. There are a number of variations of this general idea including the following:

Establish a central stenographic, transcribing or typing unit either on a company-wide basis or for major departments or sections.

Maintain a central pool of machines to be loaned to departments or individuals for peak periods or irregular requirements rather than making full-time assignments.

Pull in and centralize the use of "convenience" machines located in branch offices or plants, warehouses, etc.

Recall machines at employees' homes. Encourage employees to lend personally-owned machines to the company for the duration.

Arrange to purchase or rent personally-owned portables or old model machines in usable condition.

Pool or lending equipment or services between companies or organizations.

Use commercial services for special requirements.

3. REDUCTION OF IDLE TIME.

—Most offices will discover unused work ca-

capacity. A time record of the work handled on each machine for a representative period will prove helpful. The methods suggested for reducing the idle time of machines include:

Schedule work to machines. Data developed from the time analysis will provide the basis for such a schedule. In this way regular work gaps on individual machines can be filled in.

Schedule machines to the work, either within departments or between departments. Machines on movable stands can be readily shifted as successive work peaks develop.

Inaugurate multiple shifts. Even where a full second shift is not practicable it may be possible to employ part-time workers after regular working hours or on Saturdays and Sundays. Students are sometimes employed on this basis.

STAGGER hours of work, both starting times and lunch periods to make individually assigned machines available for short period users. Also by staggering time one machine may be used by two secretaries.

Stress typing speed even at the expense of quality of work during the shortage period.

Improve supervision and control of typing operations. This may call for the establishing of individual standards of performance and take steps to see that the standards are met.

Dictate directly to a typist rather than a stenographer. Direct dictation via telephone is a time saver.

Train dictators to conserve dictating time devoted to organizing material, looking up data, referring to files, making telephone calls, etc.

Use a combination hectograph and record ribbon to avoid the need of providing a separate machine for hectograph work.

Design forms to facilitate typing—eliminate horizontal lines, vertical columns spaced for tabulating stops, etc.

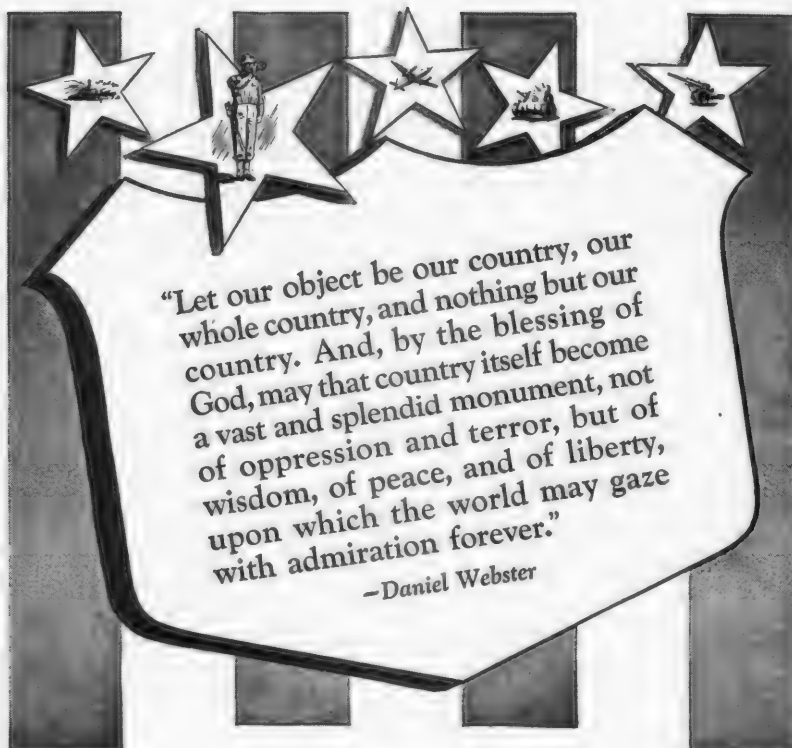
Reduce typing time for correspondence through narrower margins, use of block paragraph arrangement, etc.

Use pre-stuffed and continuous forms and stationery, snap-out, easy-out, spot and one-time carbons etc., to eliminate time of collating, aligning, inserting and separating. Also keep the number of carbon copies to a minimum.

Keep present equipment in good working order through careful handling and proper maintenance. This calls for systematic servicing and proper care.

4. SUBSTITUTE OTHER METHODS.

—There are a number of alternative
(CONTINUED ON PAGE 54)



MERCANTILE
Bank and
SAINT



-COMMERCE
Trust Company
LOUIS

FAR REACHING SENTINELS

FOR CONSTANT SECURITY



FIDELITY, SURETY AND BANKERS BLANKET BONDS:

BURGLARY, ROBBERY, FORGERY AND GLASS INSURANCE

FIDELITY AND DEPOSIT COMPANY
O F M A R Y L A N D , B A L T I M O R E

WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

ANTI-WASTERS—Continued

methods for handling material normally prepared on the typewriter where typewriting equipment is unavailable:

Use of other types of reproducing equipment such as gelatin roll duplicators, stencil and addressing machines, composing and printing machines, photographic equipment, etc.

Preparation of informal memorandums in longhand.

Use of the telephone, dictating machines, automatic typewriters, portables.

This material is published in full with the thought that it may be called to the attention of employees.

Methods and Ideas

V . . . Mail

THERE'S NOTHING like a letter from home to buck up a fighting man's morale. Bulky, old-style letters, which were often months old when delivered, if not lost by enemy action in transmission, are now out-moded by the Army's adaptation of microfilm accounting via Recordak, a system pioneered by American banking.

In Step With War Needs

Commercial banking facilities are often taken for granted. But, hour after hour, they speed the wheels of all industry devoted to the American war effort.

Every day, Central Hanover works with correspondents to keep the financial side of factory production in step with the Nation's wartime requirements.

CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

This new postal facility, called V-Mail, is available to members of the armed forces stationed outside the continental limits of the United States. Originals are photographed at the Port of Embarkation at the rate of 2,000-2,500 per hour, placed in small cartons and flown overseas. Upon arrival, the film is developed, reproductions enlarged on sensitized paper, inserted in small window envelopes and delivered.

V-Mail has three distinct advantages over first-class or air mail. It is given priority in handling and dispatch by the War Department over all classes of personal mail. Safety is assured, as originals are held until delivery is confirmed; if lost, duplicates are forwarded. The tremendous saving in cargo space on both surface vessels and airplanes increases the flow of vital war materials.

**Reach Your Boy
OVERSEAS**

by
V-Mail

the letters
that travel on film

**EASY TO USE
SUREST—
FASTEST—
and MOST
PATRIOTIC**

V-Mail Letter Forms

By way of illustration, 150,000 ordinary single sheet letters weigh 2,575 pounds and require 37 full-sized mail sacks. V-Mail will reduce it to 45 pounds to fit a special pouch, one-half the size of an ordinary mail sack.

Dispatching facilities have been set up in the British Isles, Iceland, the Middle and Far East, Australia and Hawaii, in addition to numerous points in the United States. Further extension will be made wherever sufficient troops are stationed.

Recordak-equipped banks are cooperating with postal authorities in distributing V-Mail forms. Many are taking advantage of this contact by inviting prospective correspondents behind the scenes to see the machines in action.

The next step in the V-Mail process may be the transmission of money overseas. The Treasury is investigating the possibilities. This feature, if added, will presage some very important developments in post-war banking.

(CONTINUED ON PAGE 56)

TWO VALUABLE HELPS FOR EVERY BANK

...FREE UNIT VALUE RATION COUPON TABLES

These four tables will save thousands of computations for banks in checking ration coupon sheet totals. They are designed in the same numbered sequence as the numbered gummed sheets to which coupons will be affixed. They are printed on heavy stock to withstand usage by clerical forces. You are welcome to as many of each as you need.

...FREE VICTORY TAX PAYROLL DEDUCTION TABLES

Whether you pay on a weekly, biweekly, semimonthly or monthly basis, these tables will save much computing time in determining the amount to be withheld under the "wage bracket" plan from each employee's salary. Prepared by Burroughs in this convenient form, they are the official "wage bracket" figures shown in the government regulation. When ordering, please specify the quantity of each type of card your payroll clerks will need. Order by number.

UNIT VALUE-5

RATION COUPON TABLE

Light figures correspond to the numbered spaces on the stamp card. Heavy figures represent the total value in units.

1	2	3	4	5	6	7	8	9	10
5	10	15	20	25	30	35	40	45	50
11	12	13	14	15	16	17	18	19	20
55	60	65	70	75	80	85	90	95	100
21	22	23	24	25	26	27	28	29	30

Actual card size
8 1/4" x 6 1/4"

UNIT VALUE-4

RATION COUPON TABLE

Light figures correspond to the numbered spaces on the stamp card. Heavy figures represent the total value in units.

1	2	3	4	5	6	7	8	9	10
4	8	12	16	20	24	28	32	36	40
11	12	13	14	15	16	17	18	19	20
44	48	52	56	60	64	68	72	76	80

UNIT VALUE-3

RATION COUPON TABLE

Light figures correspond to the numbered spaces on the stamp card. Heavy figures represent the total value in units.

1	2	3	4	5	6	7	8	9	10
3	6	9	12	15	18	21	24	27	30
11	12	13	14	15	16	17	18	19	20
33	36	39	42	45	48	51	54	57	60

UNIT VALUE-1 1/2

RATION COUPON TABLE

Light figures correspond to the numbered spaces on the stamp card. Heavy figures represent the total value in units.

1	2	3	4	5	6	7	8	9	10
1 1/2	3	4 1/2	6	7 1/2	9	10 1/2	12	13 1/2	15
11	12	13	14	15	16	17	18	19	20
16 1/2	18	19 1/2	21	22 1/2	24	25 1/2	27	28 1/2	30
21	22	23	24	25	26	27	28	29	30
31 1/2	33	34 1/2	36	37 1/2	39	40 1/2	42	43 1/2	45
31	32	33	34	35	36	37	38	39	40
46 1/2	48	49 1/2	51	52 1/2	54	55 1/2	57	58 1/2	60
41	42	43	44	45	46	47	48	49	50
61 1/2	63	64 1/2	66	67 1/2	69	70 1/2	72	73 1/2	75

Burroughs

Printed by BURROUGHS ADDING MACHINE COMPANY, Detroit, Michigan

4 VICTORY TAX-MONTHLY

Table of amounts to be withheld from monthly earnings

Example: Employee earns \$27.00. This amount is more than \$22.00, but not over \$26.00, tax = \$1.00

TAX

3 VICTORY TAX-BIWEEKLY

2 VICTORY TAX-SEMIMONTHLY

Table of amounts to be withheld from semimonthly earnings

Example: Employee earns \$14.50. This amount is more than \$12.00, but not over \$16.00, tax = \$1.00

TAX

1 VICTORY TAX-WEEKLY

Table of amounts to be withheld from weekly earnings

Example: Employee earns \$34.50. This amount is more than \$27.00, but not over \$36.00, tax = \$1.00

EARNINGS NOT OVER	TAX	EARNINGS NOT OVER	TAX	EARNINGS NOT OVER	TAX
\$ 12	\$.00	\$ 60	\$2.10	\$150	\$6.60
16	.10	70	2.60	160	7.10
20	.30	80	3.10	170	7.60
24	.50	90	3.60	180	8.10
28	.70	100	4.10	190	8.60
32	.90	110	4.60	200	9.10
36	1.10	120	5.10		
40	1.30	130	5.60		
50	1.60	140	6.10		

\$9.40 plus 5% of amount over \$200.

Burroughs

Printed by BURROUGHS ADDING MACHINE COMPANY, Detroit, Michigan

Send for Yours Today!

Both sets of tables are available through your local Burroughs office. Or, if you prefer, write direct to

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

Burroughs

Fashion

FEMININE steamfitters, spot welders, and airplane mechanics long ago donned uniforms as sensible, patriotic (and anti-inflationary) wartime apparel. A recent report from upstate New York, however, is the first to indicate the beginning of a movement by banking's own feminine contingent.

The president of this bank reports that one morning 18 of his women employees showed up wearing identical, blue-cotton-gabardine-with-round-white

pique-collar tailored outfits. It seems the girls called a meeting, voted to wear uniforms and, after getting their design and specifications approved by the State Teachers College, had them made up at the cost of \$10.95 each.

In addition to being very attractive, the outfit (skirts, not slacks, by the way) tend to emphasize their particular role in war work and, the president believes, actually boosts morale.

Keep Fit

THE SECOND most serious war problem, according to Surgeon General

Thomas Parran, is the doctor shortage ahead. At present some 24,000 physicians are in the armed forces. By the end of this year the figure will exceed 40,000, and may eventually reach one-third of the country's total. The situation is complicated by the fact that the need of doctors and nurses grows greater on the home front as the supply grows less.

Banks may wish to consider this problem from the standpoint of employee relations. Good health is a requisite to good work.

The means of promoting a Keep Fit Crusade is being offered nationally by the LIFE INSURANCE INSTITUTE. Posters, mailing cards and advertisements (suitable for bulletin board display) are available. Write direct, 60 East 42nd Street, New York City.

Real Estate Management

ANOTHER WAR-BORN service is being promoted by the FIFTH-THIRD UNION TRUST COMPANY of Cincinnati. With the decline in volume of institutional real estate holdings during the past few years, the bank found itself with a first class property management organization ready, willing and able to take on a profitable new line of business—managing real estate for individual owners. A booklet, "The Care and Management of Your Real Estate," describes the services: establishment and revision of rent schedules, renting and leasing of vacancies, tenant relations, collections, planning and supervising repairs, keeping records, etc. It features a slogan "You Get the Income, We Do the Work."

Columnist

THE CENTRAL NATIONAL BANK of Yonkers, New York, adopted a rather unique approach to advertising about a year ago. Sacrificing display advertising for the typical editorial form set in regular newsprint, the bank has gained a host of readers for its weekly column in the Yonkers *Herald Statesman*. Gerald S. Couznes, president, is the author. By way of explanation, he says:

"Frequent and numerous expressions of approval from friends and strangers are the only sustaining power for continuing the column. We try to express opinions which are timely and fitting to be voiced by a bank executive. The war, of course, has given us an unlimited field of subjects. We use quotations as much as possible. The objective is purely mercenary. We hope people will feel kindly toward a bank which supplies copy they like to read."



**UNITED
WE
WIN**

**LABOR
MERIT
AWARD**

Minneapolis-Moline was awarded the Maritime "M" Pennant, the Victory Fleet Flag and Maritime Labor Merit Badges for its employees by the U. S. Maritime Commission in recognition for MM's outstanding production achievement.

MM products are on almost every Maritime ship that sails the seas . . . so MM products help produce the food for freedom, and help get it to our boys in the service wherever they may be.

Ordinarily we would rather build farm machinery, but with world conditions as they are, you will agree that the winning of the war must be the first objective . . . Because what good would it do if we could give our customers all the farm machinery they might desire and WE LOST THE WAR?

We will now build all the farm machinery allowed under Government Limitation Orders, and quality products for our Armed Forces to the extent of our capacity. When Victory is ours, we will again supply our customers with the world's most modern tractors and farm machinery.

★ Over 577 MM Employees Are Now in the Armed Forces!

MINNEAPOLIS-MOLINE
MINNEAPOLIS, MINN. U.S.A.

Help Wanted

CLASSIFIED ADVERTISING has special significance these days to the bank-ad man, not so much in the field of promotion as in employee relations. Carefully worded female "help wanted" advertisements are filling the gaps created by drafted personnel and the lure of higher industrial wages.

Several Midwest banks have studied the technique of writing want ads that not only pull a goodly return, but tend to sift out the undesirables, thus sparing the interviewer's time. While emphasizing the desirable aspect of bank work, these ads contribute something of indirect public relations value. Here, for example, are successful approaches to various classes of prospects:

High School Graduates

Large bank with many branches wants recent high school graduates to take courses in preparation for steady employment. Salary while training. Must be intelligent, alert, and have pleasing personality. Excellent working conditions, chance for advancement. Give complete educational background.

Former Bank Employees

Large bank wants you for steady employment if experienced as bookkeeper, clerk or teller. Give complete work record and salary desired.

Bank Tellers

Women 25 to 35, married or single, preferably with previous office or cashier experience to train in large bank. Suitable salary and chance for advancement. Reply in own handwriting, give complete educational background; enclose recent photograph.

Good Will

THE CHANGE in faces behind tellers' wickets is apt to be a surprise, and not an unpleasant one to many bank customers. With the change—from beards to blondes—comes an opportunity for as good a piece of public relations as any emergency measure has yet produced. The example in mind is an advertisement recently sponsored by the SECURITY-FIRST NATIONAL BANK OF LOS ANGELES. Picturing a spokesman for the new all-girl teller corps, the ad, set in typewriter type, said:

"We can't say enough to thank you for the way you customers have welcomed us girl tellers at Security Bank. We know that you miss the men who have been called to active duty and whom we are replacing. At the same time, your friendliness and interest have made our new jobs extremely pleasant. We thank you and we want you to know that we are anxious to return your kindness by providing extra good service."

A running ad sign recently erected by the First National Bank and Trust Company of Tulsa, Oklahoma, in conjunction with KVOO. The sign carries news headlines flashed direct from the station's news room



WITHOUT the farmer the soldier wouldn't travel far; without the soldier the farmer would be farming for the Axis.

In 1942 the combination of good weather and the hard work of farm families all over the country produced the biggest crops on record. Those crops, together with the record breaking production of livestock, are helping win the war.

More food, fiber and vegetable oils will be needed in 1943. It's going to be a harder job. We can't count on such good weather again. The labor supply will be short and less new machinery will be available. But our farm families are out to do the job regardless of the difficulties.

Fortunately, there'll be no shortage of credit for the sound operators. City dollars will flow to farmers through the Federal intermediate credit banks and local lending institutions. Buyers of Federal intermediate credit bank debentures are, therefore, aiding in the battle of production on the farm front.

THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.
BALTIMORE, MD.
COLUMBIA, S. C.

LOUISVILLE, KY.
NEW ORLEANS, LA.
ST. LOUIS, MO.

ST. PAUL, MINN.
OMAHA, NEB.
WICHITA, KAN.

HOUSTON, TEX.
BERKELEY, CAL.
SPOKANE, WASH.

Further information regarding the Debentures may be obtained from
CHARLES R. DUNN, Fiscal Agent 31 Nassau Street, New York, N. Y.

Group Insurance

GROUP LIFE protection is a new feature of the New York Savings Bank Life Insurance System. As soon as a nucleus of savings bank groups has been established, the plan will be offered through member banks to commercial banks and selected business and industrial organizations. Premiums on such group policies are the standard minimum rates under New York State law.

Regulation W

THERE IS at least one case on record, but it is a rather extreme one, where the time limit provision of Regulation W

was waived. Several weeks ago Berryville, Arkansas, suffered a tornado which reaped considerable damage to real and personal property. Through the Federal Reserve Bank of St. Louis, the local FIRST NATIONAL BANK received permission to extend credit to necessary limits for repair and replacement.

Two New Bank Forms

IN line with the program of the Bank Management Commission of the American Bankers Association to promote

greater standardization and simplification of banking forms and procedure, a special committee of the commission has been working with the three Federal bank supervisory agencies for the past several months on a project directed toward the adoption of a uniform report of earnings and dividends and a simplified report of condition.

The agencies have agreed on a shortened, simplified and uniform call report form and a uniform earnings and dividend report. The earnings and dividend form agreed upon by the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System will be used in obtaining reports covering 1942. The condition report form will be used with the next call for report of condition.

Agreement having been reached as to the adoption of the new earnings and dividend report by the Federal agencies and by most state banking departments, an effort will be made to obtain its use in the future by other state supervisors. Similar efforts will also be undertaken as to the new uniform call report form.

In the past, the earnings and dividend reports to the Federal supervisory agencies have not been on a uniform and comparable basis. National banks and state banks which are members of the Federal Reserve System have reported on forms quite similar, while non-member state banks have reported on another type of form. Where the earnings and dividend reports of state bank supervisory agencies have differed from one or the other of the federal forms, state banks have been required to fill out one form for the state agency and another for the Federal Reserve or the FDIC. Inasmuch as the new form has been adopted by the Federal agencies and most of the state banking departments, considerable duplication of work in filling out forms will be eliminated, an important contribution to bank operating efficiency in the face of reduced manpower under war conditions.

At the same time the committee evolved a condensed form of current operating earnings report for the use of banks which may desire to report earnings data to their shareholders and others. Information regarding operating results is being requested increasingly of banks by treasurers of large corporate depositors who submit a variety of forms in making their requests. As a result there has been a considerable demand from banks for a form which can be used to provide the desired information and at the same time to



Somewhere in the steaming jungles of no man's land, engineers are building airports, according to well developed plans, equipped with the finest instruments and years of training. However, they would be handicapped if their plans were not made on strong durable paper. They would be another lost battalion.

Likewise your office clerks, equipped with the most modern typewriters, accounting machines, filing devices are a lost battalion unless you give them the most efficient *Parsons Papers* to use in their daily work.

These papers are fabricated with fine cotton fibers to give them durability, strength and permanence. Ask your Printer or Lithographer to show you the range of—

Parsons Paper *Specialized for Modern Business*

BOND PAPERS

For correspondence, documents and forms of every description

LEDGER PAPERS

For accounting systems, records, certificates and other permanent needs

INDEX BRISTOLS

For machine accounting, index record cards and general uses

TECHNICAL PAPERS

Made to your specifications for all types of special requirements

PARSONS PAPER COMPANY • HOLYOKE, MASS.

bring about some degree of uniformity in its presentation.

The condensed earnings and expense form includes provision for interest on loans, and interest on securities together with earnings from other current operations; also the principal items of expense, such as interest paid, salaries and wages, and other current operating expenses. There is also provided a reconciliation of surplus and undivided profits for the period being reported. While the condensed form differs in some respects from the new forms used by the Federal and state bank supervisory agencies, it can be prepared easily from the items available on those forms.

The face of the condition report is essentially the same as heretofore. The big saving in time and effort will be effected through the elimination of a majority of the supporting schedules.

Trust Investments

"THE PRUDENT-MAN Rule for Trust Investment" is the title of a booklet published by the A.B.A. Trust Division in response to widespread interest in the "prudent-man" standard for trustees.

The booklet contains the text of a model "prudent-man investment statute" prepared by Milo A. Shattuck, Boston attorney, and the Committee on Fiduciary Legislation. Intended for use in states where it is desired to change the trust investment laws to conform to the prudent-man or Massachusetts Rule standard for the investment of trust funds, the booklet also contains reports from trust men regarding the trust investment situation in each state, and comments by Mr. Shattuck on the model statute.

In a foreword, Trust Division President Louis S. Headley says "the extensive adoption of the standard of prudence in recent years by testators and attorneys in the granting of investment powers has suggested to many that the Massachusetts Rule is better adapted to modern conditions than any rule built around formulas or lists of authorized investments. The model statute now submitted has been prepared as a guide for those legislatures which hold this view and wish to embody it in their state law."



Demountability is mortgage insurance

Long an imponderable in mortgaging has been the unpredictable factor of changing neighborhoods. Residential areas become commercialized, houses lose value and mortgage investments are endangered.

New safeguard against such change is demountability. For if a house is removed to a better residential

machine-perfect in every detail, yet the system is not limited in either style or size—hence sets no limits on salability. Principal reason for this flexibility is the fact that Homasote Precision-Built Construction is decentralized prefabrication—uneconomical transportation costs are eliminated by franchising local prefabricators to use it. Thus Homasote works with and for, not against, the local dealer, builder and architect.



neighborhood, its value is protected. Moreover, the land on which it formerly stood is made available for commercial building—in line with the new character of the neighborhood.

Demountability, many building authorities predict, will be a feature of postwar housing because (1) it protects both the mortgagee's and the mortgagor's investment, and (2) it makes it possible to enlarge or decrease the size of the house to suit the changing needs of the family. Demountability is a result of engineered housing, which produces better homes for lower original and operating costs.


Engineered housing

Engineered housing, of which Homasote Company's Precision-Built Method of Construction is the leading example, makes conventionally constructed housing obsolete. Homasote Homes are

New Markets

Seven years and \$300,000 worth of research have gone into the development of Homasote Precision-Built Construction. Its soundness has been proved by (1) \$6,000,000 worth of private housing; (2) \$24,000,000 worth of government war housing.

With the end of the present emergency, Homasote's engineered housing will open up new markets for building and building investment: lower-cost and better housing than has heretofore been considered possible, employee housing, realty developments in all price classes, etc. . . . Meanwhile, many a bank is developing future mortgage business by urging prospects to earmark War Bonds for down payments and by starting Own-Your-Own-Home Clubs. For details about Homasote Homes and Own-Your-Own-Home Clubs, write: Homasote Company, Trenton, N. J.



Protective Envelope For

GASOLINE RATION BOOKS

PROPERTY OF _____

★

"War Bonds Are Not Rationed"

BUY ALL THAT YOU CAN AND KEEP THEM IN OUR SAFE DEPOSIT VAULTS

MISSISSIPPI VALLEY TRUST CO.
SAINT LOUIS

As a follow-up to its sugar ration book covers, the Mississippi Valley Trust Company of St. Louis is giving wide distribution to this protective envelope for gasoline ration books

HOMASOTE

Precision-Built

HOMES

Heard Along MAIN STREET

WV. BERGEN, a veteran teller of the Commercial National Bank, Hillsboro, Oregon, hasn't hidden his light under a bushel basket. You motorists who still ply the highways after dark see it reflected at every curve and crossroad.

Years ago Teller BERGEN conceived the idea of reflector-type highway signs for a new road between Portland and Hillsboro. The invention was patented and a manufacturing company set up; subsequently the patent was sold to a California concern. Royalties are still coming in.

Mr. BERGEN also designed a rotary type, upright siren. And, as might be expected, he tried his hand in his own field and evolved a daily balance sheet for small banks. His latest is an electrical machine for limbering up crisp, new currency received from the Federal Reserve bank. Now his colleagues are wondering whether he can supply an attachment for sorting out rubber checks.

★
LESS THAN two hours after GEORGE E. HOEDINGHAUS, executive secretary of Los Angeles Chapter, American Institute of Banking, accepted a commission as lieutenant (j.g.) in the United States Naval Reserve, he received telegraphic orders from Washington that he had been recommissioned a first lieutenant in the infantry and ordered to report to Camp Callan at San Diego. Commenting on where the Army stands in this man's war, our correspondent says: "It just shows to go yuh!"

While George attended the University of Southern California, he spent five Summer sessions at the Citizens Military Training Camp, where he earned his commission in the infantry. He has



George J. Heath, also of the Bank of Montclair, takes his turn at a turret lathe during his "hours off" to speed the production of war equipment

"Men Needed" were the words passed around Montclair, New Jersey, by the Oiljack Company, a local war materials producer. Bankers, businessmen, professional workers, and other white collar workers responded by giving extra time, working a businessman's shift from 6 to 10 P. M. At right, Martin Masen, of the Bank of Montclair, shown learning the fine points of a turret lathe from Miss M. H. Carson, inspector



INTERNATIONAL NEWS

been executive secretary of the Los Angeles Chapter for the past five years and his work has been outstanding in Institute accomplishments.

★
THE KING of American turkeydom appears to be none other than CHARLES W. WAMPLER, president of the First National Bank of Harrisonburg, Virginia. This year Mr. and Mrs. WAMPLER and their nine children raised 107,133 gobblers and over 500,000 broilers as a side line.

With the exception of 20,000 to 25,000 raised by the WAMPLER family, the birds were produced on a share crop arrangement with farmers within a 50 mile radius.

★
J. LIONBERGER DAVIS, chairman of the board, Security National Bank Savings and Trust Company, St. Louis, is a man of varied interests—so many that this item will be confined mainly to one that might be termed office art.

Mr. DAVIS maintains that he is an amateur in the field and not a connoisseur, or collector. Like most businessmen he spends the greater part of his waking hours in his office. He believes that in these hours, as well as in those spent at home, a man should have the pleasure of being surrounded by things he loves. And so, in Mr. DAVIS' offices you find some of the art treasures he has collected from all over the world.

Among other things there are specimens of contemporary American sculptors, rare Chinese objects, portraits by Inness, Diaz, Diego Rivera, and Millais, and examples of the work of Jacob Epstein, Antoine Bourdelle, Rodin, Charles Despiau, Malliol and Munier.

★
EDWARD EAGLE BROWN, president of the First National Bank of Chicago, was recently elected to the board of trustees of the University of Chicago.

Attending the university as part of his undergraduate work, Mr. BROWN received his bachelor's degree from Harvard University in 1905 and was graduated from Harvard Law School in 1908. Admitted to the Illinois Bar in 1908, he became associated with the legal department of the First National in 1910 and has been with the bank continuously since that time, becoming president in 1934.

Mr. BROWN is also president of the National Safe Deposit Company of Chicago, and the Federal Advisory Council of the Federal Reserve System.

★
LANGE LEWIS alias JANE LEWIS BEYNON is the S. S. Van Dine of the growing corps of bankerettes. Book-

(CONTINUED ON PAGE 62)

How Farmers Look at War Bonds



A mathematical approach won the \$1,000 War Bond and a trip to Milwaukee and Great Lakes for Mrs. Lennie Hollon Land, Lancaster, Ky., farmer's wife. She has been a local 4-H Club leader for more than 20 years.

WHAT farm men and women actually think about issues at stake in this war came to light in thousands of letters entered in our national "Win-the-War Bond Contest," results of which have just been announced. If anyone doubts that farmers know what America is fighting for, he should read any of the 129 winning letters on "Why Farmers Should Buy War Bonds."

Each letter entered was scientifically graded and scored by a nationally-recognized judging organization which pronounced them the highest calibre entries they had ever seen in any contest. Final winners were selected from these graded letters by officials of the American Bankers Association.

A quotation from the first prize letter written by Mrs. Lennie Hollon Land, Lancaster, Ky., is an example of the clear thinking which has always soundly influenced the country in time of crisis: "Investing in War Bonds ADDS to the strength of our fighting forces . . . SUBTRACTS from the American soldier's danger of defeat . . . MULTIPLIES each farmer's blows against the Axis . . . DIVIDES and distributes the defense load . . . EQUALING a speedier defeat of Democracy's would-be destroyers."

A telling point brought out by Mrs. Frankie A. Williams, Wilkesboro, N. C., second prize winner, was that War Bonds

are "Seeds of Victory and Freedom . . . promising a pleasing and profitable harvest of Better Living and Better Farming after the war."

One thought stated in the third prize letter by Mathew N. Lepisto, New Castle, Pa., was that War Bonds "insure for each one the right to own his little bit of America, his farm . . . forestall treacherous inflation and guarantee for posterity our blood-bought heritage."

The contest was sponsored by the Tractor Division of Allis-Chalmers Manufacturing Co. in cooperation with the U. S. Treasury Department. It was featured in a campaign of farm paper, radio, poster and direct mail advertising, backed by aggressive effort on the part of sales department personnel and dealers. Prizes ranged from \$1,000 to \$10 in War Bonds and Stamps. It is believed that the letters are helping to influence the rapidly rising tide of farm War Bond purchasing throughout the nation.

The helpful cooperation of individual bankers and of the American Bankers Association is greatly appreciated.

ALLIS-CHALMERS
TRACTOR DIVISION • MILWAUKEE, U.S.A.

MAIN STREET—Continued

keeper by day for Bank of America, she sets a fluent pen by night to plotting new mystery thrillers. Her first book, published last August, titled "Murder Among Friends" is a saga of polite slaughter with a college background, laid in an institution of imaginary origin. Her next will be published early next Spring.

★

WHERE'S ELMER? We mean Chief Petty Officer ELMER E. RICHARDSON, a former armed guard of the Commercial National

Bank and Trust Company of New York City, and a most obliging fellow whom all Wall Streeters knew as just Elmer.

Checking up on his service record we find that during World War I he served with the Atlantic Fleet on the U.S.S. TEXAS, the ARKANSAS and the NEW MEXICO, then was ordered to duty on an Asiatic station aboard the U.S.S. HURON. He returned to the U. S. in 1925 and after completing a course at the Firecontrol School in Washington, he weighed anchor with the U.S.S. IDAHO, later ordered to the LEXINGTON being completed at Quincy, Massachusetts, finally honorably discharged in 1933 while com-

missioned to the U.S.S. SALT LAKE CITY.

After seven years with the Commercial Bank, he was recalled to active duty on the U.S.S. ARKANSAS, and last year found him aboard the U.S.S. PRAIRIE STATE training the middies in fire control and ordnance.

Well—ELMER's been around, seen the world through more than one porthole, and we guess he won't be satisfied until he steams into Yokohama harbor for an extended shore leave.

★

THE NAVAL DISTRICT Public Relations Office, New York City, reports that the first enlistee for the ranks of the WAVES was a bank clerk. Miss LUCY WATSON of the First National Bank, Morristown, New Jersey, and daughter of HAROLD WATSON of the Manufacturers Trust Company of New York, accepted the rank of yeoman third class.

★

L. L. GELLERSTEDT, executive vice-president, Citizens and Southern National Bank, Atlanta, is the newly elected vice-president of the Southern States Industrial Council, representing Alabama, Georgia and Florida.



O. W. I. PHOTO

OFFICIAL PHOTO U. S. ARMY AIR FORCES

OFFICIAL U. S. NAVY PHOTOGRAPH

YOUR PROPOSED NEW SAFE AND VAULT EQUIPMENT HAS GONE TO WAR . . .

Our participation in the war effort includes the manufacture of Armor Plate, Machine Tools and Army and Navy Security Equipment.

Steel—the vitally necessary material—has been reserved for Ships, Guns, Planes and Ammunition.

The United States Government has prohibited the building of new Safes, Vaults or Security Equipment . . . but we do furnish reconditioned Safes, Vaults, Linings, Safe Deposit Boxes, Tellers' Lockers, etc.

To keep ourselves supplied with the above, we are always in the market to buy good, modern used equipment. If you have any, advise and send description.

We are also in position to help you rent your present Safe Deposit Boxes for which we have developed a series of reasonably-priced folders. Samples will be mailed on request

THE MOSLER SAFE CO.

The Largest Builders of Safes and Vaults in the World

320 FIFTH AVE.,
NEW YORK CITY

FACTORIES:
HAMILTON, OHIO

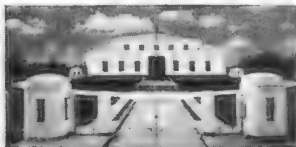
BOSTON
84 Sudbury St.

CHICAGO
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PITTSBURGH
395 Union Trust Bldg.

WASHINGTON, D. C.
Chandler Bldg.

Cincinnati, Cleveland, Covington, Ky., Dallas, Kansas City, Los Angeles, Portland, Ore.
and Other Principal Cities in the United States



U. S. Gold Storage Fortress
Fort Knox, Ky.

Vault doors
built by The Mosler Safe Co.



He brings to this new post a broad background of banking, with nine years of practical experience in the business world. He was at one time connected with the Farmers and Merchants Bank of Troy, Alabama, later state bank examiner and national bank examiner. He also held an executive position with the Fox Henderson and Sons organization of his native town, Troy. He has been a member of the advisory board of the RFC Atlanta agency, and is now president of the Atlanta Clearing House Association.

★

JAMES L. JACOBS announces his retirement as president of the Tupper Lake (New York) National Bank, effective January 1. He has served as president for the past 20 years and was

a charter member of the board of directors since the organization of the bank in 1906.

In 1920, he organized the Adirondack Bankers Association and was its first president. He served as vice-president of the National Bank Division, A.B.A., for New York in 1938.

★

WILLARD W. WILSON, trust officer of The Cleveland Trust Company, has been elected president of the Associated Charities of Cleveland. He has been in trust work since 1927.

In commenting on his election, the *Cleveland Press* said editorially: "Mr. Wilson has demonstrated that an interest in the sound financing and economical administration of a charity is not incompatible with the warmest kind of human interest in the people who require its services."

★

RALPH H. CAKE, Portland, Oregon, was recently elected president of the United States Savings and Loan League. He succeeds Fernor S. Cannon, of Indianapolis.



Mr. CAKE is president of the Equitable Savings and Loan Association, largest in Oregon. He succeeded his father as president of the institution in 1938, after serving a number of years as a member of the board of directors.

★

HENRY D. STANSBURY of the Equitable Trust Company in Baltimore, has just completed a history, "Maryland's One Hundred and Seventeenth Trench Mortar Battery in the World War, 1917-1919." The book, an edition limited to 700 copies, marks the 25th anniversary of the battery in which Mr. STANSBURY served when he was 18 years old. He was twice wounded.

Mr. STANSBURY, who entered banking in Baltimore upon his return from World War I, describes the book as a

product of the fighting unit; the art work was by one of his former comrades-in-arms; the printing was supervised by another; while the material, in addition to his own personal recollections, was drawn from diaries and other data furnished by members.

The battery was one of the first to be sent to France and, as part of the Rainbow Division, saw action in many great battles, and later was with the Army of Occupation.

★

STAFF members of the American National Bank and Trust Company of Chicago who are with the armed forces were honored at the bank's annual golf tournament last Fall. A roll of honor was dedicated at the dinner by Lawrence F. Stern, president, and is now on display in the bank lobby. Letters from the service men were read.

★

FRANK O. WATTS, chairman, First National Bank in St. Louis, was given a testimonial dinner recently by his bank's board of directors, when he was presented with a silver service.

Mr. WATTS began his banking career in Union City, Tennessee, although a native Kentuckian. From his first position in a Union City drug store he stepped into a bank job next door. Before reaching the age of 21 he was made cashier of the First National Bank of Union City.

He later went to Nashville where he accepted a position as cashier of the First National Bank—a year later he became the bank's president.

In 1912 he accepted the vice-presidency of the Third National Bank of St. Louis and in 1913 was made president.

In 1919 Mr. Watts effected the consolidation of the Mechanics-American National Bank and the St. Louis Union Bank with the Third National, to form the First National Bank in St. Louis, of which he became the president.

Mr. WATTS is a member of the "50-Year Club" of American banking. He has served as president of the Tennessee Bankers Association, the American Bankers Association, and was a member of the first board of directors of the Federal Reserve Bank in St. Louis.

★

THAT'S A \$1,000 check passing hands in the photo at the top of the next column—the first prize in the Chicago *Times'* recent war song contest. On the receiving end is **MAC WEAVER** and (at left) his partner and co-writer **JOSEPH C. BANAHAN**, both of the First National Bank of Chicago staff. Their winning song is "Mud in His Ears." Others in the picture are: **CHARLEY SPIVAK** (center)



Hotel Sherman band leader; **MEL BAKER** (presenting the check) Chicago *Times'* promotion manager, and **JACK MILLS**, music publisher.

PROTECT AGAINST INVASION

Buy War Damage
Insurance / / /



The Phoenix

Insurance Company, Hartford, Conn.

1894

The Connecticut
Fire Insurance Co. Hartford, Conn.
1850

FOUTABLE

Fire & Marine Insurance Company
PROVIDENCE, R.I.

1881

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.

RELiance INS. CO. OF CANADA
Montreal, Canada



HARTFORD
30 Trinity Street
CHICAGO
Insurance Exchange

NEW YORK
110 William Street
SAN FRANCISCO
220 Montgomery Street



TIME TRIED & FIRE TESTED



INDUCTEES AND VISITORS TO CAMPS NEED TRAVELERS CHEQUES

Most men take some money with them when they leave for camp. They find, however, that cash is easily lost or stolen and is a constant worry.

They have no safe to put it in, but, if before they start they change it into Travelers Cheques, their money is as safe as if it were in a vault.

So, too, with visitors to camp. Relations and friends find that this means venturing into new surroundings—crowded trains, buses, planes. The cash they carry might also be lost or stolen.

A suggestion from the bank that Travelers Cheques be used will be appreciated by your clients.

If systematically followed, the sale of Travelers Cheques under today's conditions can become an important revenue-producing activity.

AMERICAN EXPRESS TRAVELERS CHEQUES

Have You Heard?

W. L. HEMINGWAY, president of the American Bankers Association and of the Mercantile-Commerce Bank and Trust Company, St. Louis, has accepted an invitation to serve on the Industry and Commerce Committee of the 1943 Victory Book Fund. Mr. HEMINGWAY wrote the campaign committee that he thoroughly believed "in the wisdom of providing our fighting men with good books to read during their rest periods."

★

EDWARD A. WAYNE, secretary of the North Carolina Bankers Association, has been elected president of the Association of Secretaries of Southern State Bankers Associations.

★

E. A. MATTISON, assistant to the president and vice-chairman of the Public Relations Committee, Bank of America, has been loaned to the War Department Service of Supply.

★

RALPH H. STEVER, president of The Seamen's Bank for Savings, New York City, since 1929, retired from that office on January 1. He served the bank 40 years, starting as a junior clerk at the age of 18. He will continue his connection with the bank as a trustee.

★

J. K. WAIBEL, advertising counsel, Continental Illinois National Bank and Trust Company, Chicago,—better known as "Jake" to his confreres—is on leave for his new appointment as director of education for the Seventh District Victory Fund Committee.

★

ALEXANDER P. REED, vice-president and trust officer of the Fidelity Trust Company, Pittsburgh, was recently elected president of the Pittsburgh Board of Education. In his new position he also becomes a Trustee of Carnegie Institute of Technology. He had been vice-president of the board of which he has been a member for 15 years.

Mr. Stever



Mr. Reed



IN THE HEART OF EVERY WAR PLANT IS A BOMB LIKE THIS

• Fires in our war plants are just as destructive if set by accident as if caused by incendiary bombs. And Carelessness is as much the servant of the Axis as is Sabotage.

In 1941 fires in the United States caused \$303,895,000 loss. A similar loss in 1943 would spell more than national financial loss—it would mean a defeat equal to a drastic military or naval loss.

As part of the Citizen Army in an America in which there

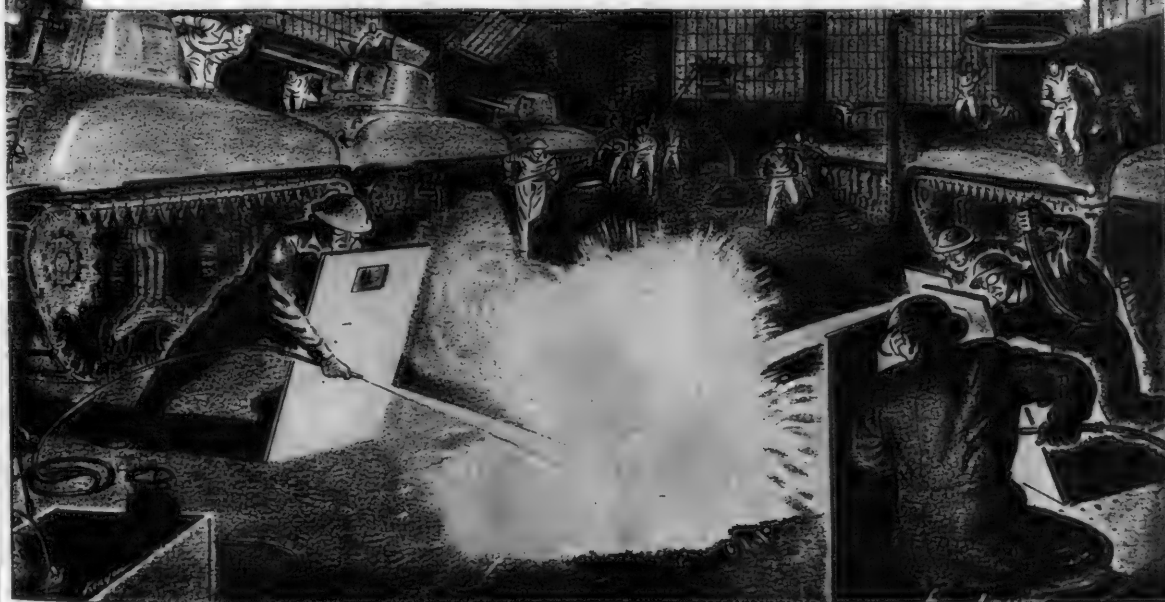
are no more non-combatants, make it your job to join in winning the Battle of Industrial Safety. You can help prevent fire loss by doing just one simple thing for the war's duration. It is this:

Be EXTRA careful about Fire!

When essential materials burn, they are gone! Insurance can only furnish funds to replace them.

☆ THE HOME ☆
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE



Some Manpower Possibilities

LABOR-SAVING possibilities for British banks in wartime are suggested in the report of the Kennet Committee which made a study of manpower in banking and allied businesses.

References to and brief excerpts from the report appeared in the December issue of *BANKING*, but perhaps an opportunity to read more about its recommendations will be welcomed by many American bankers. The report was prepared, of course, with only British banking institutions in mind.

Asserting that no amalgamation of "large separate units such as the Clearing Banks would, even if it were practicable, result in any saving of staff soon enough to be of practical assistance to the war effort," the report says that further economy in staff must depend upon four possibilities: (1) further closing of branches; (2) more complete adaptation of methods of work to wartime needs; (3) still further reduction in services; (4) extension of employment of part-time workers.

As for the closing of branches, the committee points out that the British banks "have already gone a good way with this policy which cannot be completed without careful preparation."

"By the end of May 1942," it continues, "the Clearing Banks had closed 735 branches which were open daily, and 1,007 which were open less than six

days a week, a total of 1,742 out of 8,469 whole and part-time offices. We recognize that branch closing does not in all cases bring about a notable reduction in labor. The same number of checks have still to be cleared, the same number of operations performed. But in certain areas, especially those whose population and activity have been reduced by wartime conditions, the closing of branches will undoubtedly have the effect of concentrating business in such a way as to make full use of the marginal time of staffs at present not fully employed throughout each day, and to make possible the extension of working hours where this would reduce the numbers employed."

In the matter of adapting operating methods, the report suggests:

"**ELIMINATION** of checks and counter checks which are normally desirable, but are not essential in wartime," it says, "is a fruitful field which the banks have not all cultivated with equal success. Recruitment of large numbers of unskilled workers would normally exact a tightening rather than a relaxation of checks and it is difficult for us to indicate which particular operations can be dispensed with; yet we are of the opinion that war necessity requires that the bank should be uniformly radical in their measures, and that risks that one bank can afford to take should be

initiated and undertaken as standard practice by all the banks . . ."

Some of the potential sources of operating economy recommended were noted in last month's *BANKING*. They include: reduction of reports and statistics; less frequent checking of cash; pooling of staff at large branches and headquarters; centralized bookkeeping in large cities; use of mechanical appliances to the best advantage and "with the same sense of value as machine tools"; a system of shifts; and pooling of equipment were suggested.

With regard to reductions in services, the report advocates consideration of further economies in the issuance of statements; placing pension or other periodical payments on a quarterly or semi-annual basis, rather than weekly or monthly; payment of salaries in cash rather than by check; restrict customers to one account at the branch "most mutually convenient."

THE committee also takes up the question of hours, which involves "special difficulties."

"The first difficulty is that by reason of its dependence upon public demands the amount of work to be done is irregular in its incidence and outside the control of the industry. Secondly, much of it must be completed each day by a specified time: for example, checks for collection must be forwarded by the last post on the day they are received, and ledgers must be balanced at the end of each day. For such reasons a fixed number of hours which should be worked each day for every week cannot be imposed, especially since many tasks must be performed simultaneously and not in serial order. Reductions of total staff, however, and the closing of branches wherever possible must tend to increase the average working hours of all staffs, and are the most effective way of ensuring that they are commensurate with present-day needs. . . .

"The evidence seems to show that a moderate shortening of the present hours (commonly until 3 P. M.) will usefully save labor without material inconvenience. We recommend accordingly that the hour of closing to the public shall be 2:30 P. M. throughout the year."

The fourth possibility for economy in labor—employment of part-time workers—has limits, the report points out.

GEARED TO WARTIME NEEDS



FULTON CORRESPONDENT SERVICE

FULTON NATIONAL
ATLANTA *Bank* GEORGIA

OFFICIAL U.S. NAVY PHOTO

North of the Border

Notes on Canada's Wartime Economy

As businessmen, workers, taxpayers and consumers, Canadians will remember 1942 as a year of unprecedented government control over their activities and resources.

Important among innovations was the extension of authority in November to the Wartime Prices and Trade Board, empowering it to: (1) terminate the activities of any non-essential business; (2) prohibit or approve the formation, consolidation, or transfer of any undertaking; (3) prescribe the conditions under which any business may or may not be formed, operated or transferred. These conditions include authority to pool resources, revenues, profits, etc., of allied enterprises. In point of fact, the board has assumed complete direction of Canada's machinery of production and distribution. The objective is a hastening of the process of concentration of industry manufacturing for civilian consumption and an accelerated release of additional equipment and manpower for war industries. To what extent it will be necessary to exercise these powers remains to be seen.

WHILE National Selective Service was introduced early in 1942, accompanied by a body of regulations affecting both skilled and unskilled labor, no solution has been found as yet to the problem of acute shortages experienced by war plants. The director of National Selective Service, E. M. Little, resigned his office at the end of November when his proposed policy failed to receive sympathetic consideration by the Government. No definite program to take its place has been announced. Meanwhile employment figures have reached an all-time record figure. Estimates indicate that about 55 per cent of all industrial machinery is engaged on war work.


To pay for the gigantic war program presently under way, taxpayers were invited to subscribe to the Third Victory Loan in November. More than \$970 million was raised, an amount exceeding the objective by \$220 million. (In comparative terms, this is equivalent to \$11,640 million in the United States.) The Second Victory Loan early in 1942 realized approximately \$1,000 million, but since then sharply increased income taxes coupled with compulsory savings are being collected monthly.

Consumers were given a Christmas present in the form of a reduction in the price of milk, tea, coffee and oranges, ordered by the Wartime Prices and Trade Board. The latter was designed to afford the average Canadian family a weekly saving of about 33 cents. The difference between cost and selling prices

will be met by the Government through the medium of subsidies and tax remissions. Annual outlay will aggregate more than \$40 million. The move is an attack on inflation from another angle.

Price control has been moderately successful.


A CANADIAN CORRESPONDENT



A SYMBOL OF

STRENGTH · PERMANENCE · STABILITY

FOR 80 YEARS



Auto • Automobile • Marine • Casualty • Fidelity • Surety

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HOME FIRE & MARINE Insurance Company

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OCCIDENTAL Indemnity Company

★ ★ ★

New York • Chicago • SAN FRANCISCO • Los Angeles • Boston • Milwaukee

DEPENDABLE INSURANCE SINCE 1863



Statement as at 31st October, 1942

ASSETS

Cash on hand and due from banks and bankers	\$ 152,219,080.72
Exchanges for Clearing House	44,359,194.05
Bonds and Debentures (not exceeding market value)	683,835,390.58
Stocks	311,309.43
Call Loans in Canada	1,920,538.28
Call Loans outside Canada	14,289,715.53
	<u>\$ 896,935,228.59</u>
Commercial and Other Loans in Canada and Elsewhere	244,923,931.41
Bank Premises	13,900,000.00
Customers' Liability under Acceptances and Letters of Credit (as per contra)	16,184,995.02
Other Assets	3,375,075.98
	<u><u>\$1,175,319,231.00</u></u>

LIABILITIES

Capital, Surplus and Undivided Profits	\$ 76,236,686.94
Deposits	1,064,645,439.71
Bank's Notes in Circulation	15,354,907.00
Acceptances and Letters of Credit	16,184,995.02
Other Liabilities	2,897,202.33
	<u><u>\$1,175,319,231.00</u></u>

Head Office—Montreal

Branches Throughout Canada and Newfoundland

NEW YORK: 64 Wall Street, A. J. L. Haskell, G. R. Ball, A. T. Corner, Agents.

CHICAGO: 27 South La Salle St., J. H. Ottmann, Manager.

SAN FRANCISCO—Bank of Montreal (San Francisco), 333 California St., G. T. Eaton, President.

LONDON, ENGLAND: 47 Threadneedle St., E.C. 2., Edward Pope, Manager; 9 Waterloo Place, S.W. 1., Dugald MacGregor, Manager.

This Bank welcomes inquiries at any point where it is represented

BANK OF MONTREAL

ESTABLISHED 1817

Stamp Currency

(CONTINUED FROM PAGE 30)

the public will mostly pay the exact amount with the seven-cent currency-stamp.

All coins in circulation would be deprived of their legal tender significance after six months and made exchangeable later for currency-stamps at specified centers only.

THERE is no danger of hoarding metal money by the public under the influence of Gresham's Law that bad coinage drives out the good, since the actual value of silver in silver coins or of the nickel metal in the five-cent pieces is much below the legal tender value of the currency-stamp! Hoarding small coins by the population means profit to the Treasury, anyway.

Plastic coins or glass coins are rather unhandy in comparison with the paper currency-stamps and can be more easily counterfeited; counterfeiting currency-stamps would be more difficult if the same excellent plates were used as for the Eli Whitney one-cent postage stamps, the Victor Herbert three-cent stamps, or the Presidents' series. As soon as currency-stamps return to the Treasury, to the larger banks, or to the Federal Reserve, they should be replaced by newly printed ones.

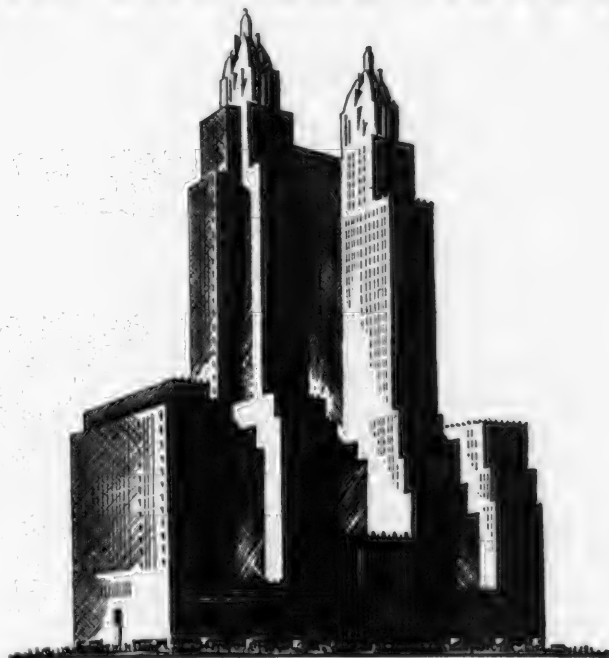
The minting of new "nickel-less" nickels, as per Act of Congress of March 27, 1942, was an unnecessary luxury. Nickel was replaced by silver (35 per cent) and by manganese (9 per cent) and copper was reduced (to 56 per cent instead of 75 per cent). Such "nickels" still make a drain on war metals.

CURRENCY-STAMPS in actual application in Russia have shown their great advantages. The only difficulty may arise with the slot machines, telephone booths, and turnstiles, but here special slugs (made of plastics, if necessary) on sale at convenient places or the release of a certain amount of five-cent coins for use in turnstiles may help the situation.

At the present time shortage of small currency is increasing. Senator Wagner introduced a bill (S. 2889) authorizing the substitution of other materials for strategic metals used in minor coinage in denominations less than 10 cents. The Treasury proposes coinage of one-cent pieces to be minted of steel coated with zinc, but unfortunately, this cannot solve, to my mind, the shortage problem quickly enough.

Convention Headquarters

AMERICAN BANKERS ASSOCIATION*



SPECIAL CONVENTION RATES TO A.B.A. MEMBERS

*** Wartime Conference on Trust Problems
February 9-10-11**

This important conference again shows the preference that bankers and other business leaders have for The Waldorf-Astoria. The Waldorf is convenient to railway and airway terminals; easily accessible from all New York's financial and business districts. And it's the place, too, for your personal headquarters —

homelike rooms equipped with every modern convenience — six restaurants offering a wide variety of menus, entertainment and prices — and within strolling distance is the smart world of New York clubs, theatres and shops. Correspondence concerning reservations and rates should be addressed to Frank A. Ready, Manager.

THE WALDORF-ASTORIA

PARK AVENUE · 49TH TO 50TH STREETS · NEW YORK

The Legal Answer Page

(CONTINUED FROM PAGE 44)

"The corporate defendant may, if its directors so choose, pay such expenses and counsel fees directly without putting the directors to the necessity of paying in the first instance. This is more in the nature of *exoneration* than reimbursement, but either course is within the principle I have discussed and accomplishes the same just result."

The Solimine opinion deserves most careful consideration, because it is a thorough-going study of pertinent mate-

rial including law review articles; the scholarly treatment of the subject constitutes an outstanding and significant contribution to the law.

The above material indicates that a statute or an amendment of the articles of association or the by-laws is desirable and *abundantly warranted by principles of fairness*. It is probable that certain types of state legislation do not apply to national banks. It therefore seems desirable that Federal legislation be enacted and that a national bank amend

its articles of association rather than its by-laws, because its by-laws are adopted by the directors, not the stockholders and the subject matter deals with the property rights of the stockholders.

It is understood that the Comptroller's office does not object to a provision which follows the language of, and is not broader than, Senate Bill 2039 introduced November 7, 1941. This has resulted in the following draft:

Any person may be indemnified or reimbursed by the bank for reasonable expenses actually incurred by him in connection with any action, suit, or proceeding to which he is made a party by reason of his being or having been a director, officer, or employee of the bank, except that no person shall be so indemnified or reimbursed in relation to any action, suit, or proceeding, in which he shall finally be adjudged to have been negligent in the performance of his duties or to have committed an act or failed to perform a duty for which there is a common-law or a statutory liability, and except that in the case of a compromise settlement the approval of the holders of record of a majority of the outstanding shares of the bank shall be required. The foregoing right of indemnification or reimbursement shall not be exclusive of other rights to which such person may be entitled as a matter of law.

In brief, § 61-a of the New York General Corporation Law, above mentioned, provides that in an action against an officer or director or against a *former* officer or director of a domestic or *foreign* corporation the reasonable expenses including attorneys fees of a successful defendant "shall be assessed upon the corporation. . . ." If the case is settled with the approval of the court such reasonable expenses of the various parties to the action shall be assessed as the court finds reasonable.

New York in 1941 also added § 27-a to the General Corporation Law, authorizing a corporation to provide in the articles of incorporation, in the by-laws, or in a "resolution in a specific case," by a majority vote of the outstanding shares, "that each director of the corporation shall be indemnified by the corporation against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of his being or *having been* a director of the corporation," unless the director is held liable for negligence or misconduct as director.

The problems as to legislation and amendments of articles of association or by-laws are highly complicated and serious study should be made of the book by Washington, above referred to, and the various pertinent law review articles, as well as the court decisions, particularly the McCollom and the Solimine cases.



BANCO DE CREDITO DEL PERU

HEAD OFFICE: LIMA

Capital S/.14,000,000.00

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*Consult us for Prompt and Reliable
Information about Peru*

Through our 33 Branches situated in the most important commercial centres, and our Agents in all other towns in the Republic, we are in close touch with every phase of economic activity in Peru, and thus are well equipped to render helpful service to all American institutions interested in Peru.



Peru's Oldest National Commercial Bank
Established in 1889

New Tax Law

(CONTINUED FROM PAGE 29)

more than 80 per cent of its surtax net income (before subtracting the credit in the new law for the income subject to excess profits tax). When that occurs, the excess profits tax is reduced so that no more than the 80 per cent maximum is paid.

3. In computing the excess profits tax the rates are applied to income in excess of a credit which may be arrived at under either of two methods: (a) the "invested capital credit." Here the usual credit is 8 per cent of the average invested capital of the company, plus a specific exemption of \$5,000; (b) the "income credit." Here the credit is 95 per cent of average earnings during 1936-1939 plus the specific exemption of \$5,000.

4. To determine the effective rate at which you can borrow, select the portion of the table which applies to the credit a company uses and find the proper column applicable to the brackets it is subject to. The column shows the net cost corresponding to the nominal borrowing rate in the left-hand columns.

IN THE calculation for companies using the invested capital credit, consideration is given to the 8 per cent credit for one-half of the borrowed capital, the deduction of half the interest for excess profits tax purposes, and the effect upon the normal tax and the surtax. For companies using the average earnings method, the process is simpler, only the reduction in all three taxes being computed. In either case, it is necessary to move into algebraic processes to determine the full effect of borrowing because of the inter-related effect of one tax upon the other.

The table emphasizes especially the important effect on the actual interest rate that borrowed capital plays under the excess profits tax. Notice the savings possible in column two for those using the invested capital credit.

One-half of borrowed capital may be included in invested capital.

Borrowed capital is not all of the obligations of a company. The statute limits it to specific kinds of indebtedness, viz., those evidenced by: notes, bonds, debentures, bills of exchange, certificates of indebtedness, mortgages, deeds of trust and certain advances received upon war contracts made by American manufacturers with foreign countries.

The regulations say that in order for

NEWSPAPER NEWS

U. S. SETS HIGHER 1943 FARM PRODUCTION GOALS

Wickard Demands Double Output to Meet World Needs.

By Associated Press.
WASHINGTON, November 29.—Stating that the greater part of the responsibility for supplying United Nations war food needs rests with American farmers, Secretary of Agriculture Wickard outlined today a 1943 farm production goal of 100 per cent more than 1942.



THE MAN BEHIND THESE HEADLINES NEEDS YOUR HELP!

Greatest food output in history—what a farm program for 1943! To make this unprecedented goal calls for greatly increased feeding operations and vastly greater farm financing to support 'em. There's where the man behind the headlines needs your help. He's the Purina dealer. He's an experienced farm advisor on livestock and poultry production. This year, as every year, he will be closest to the farmers of your community to help them get out of their birds and animals *all* the vitally needed food they are capable of producing. Be sure that he is thoroughly acquainted with your banking facilities, because he will work with you and for you to protect your feeding loans by helping to promote the greatest as well as the most profitable war food production in your community.

PURINA MILLS
1605 CHECKERBOARD SQUARE • ST. LOUIS, MO.

Complete COAL COMPANY MANAGEMENT

Specializing in Mechanization

COAL MINE MANAGEMENT, INC.
William Taylor, President

Guardian Bldg.
CLEVELAND, O.

P. O. Box 837
DENVER, COLO.

THE TEXAS COMPANY



161st Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on January 2, 1943, to stockholders of record as shown by the books of the company at the close of business on December 4, 1942. The stock transfer books will remain open.

L. H. LINDEMAN

November 19, 1942

Treasurer

any indebtedness to be included in borrowed capital it must be one *incurred for*

business reasons and not merely to increase the excess profits credit.

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A Banking Dictionary

THE employee training and educational program of the First National Bank of Boston designed to train particular people for specific jobs includes special assignments in the nomenclature of general banking terms and instruments.

A "banking dictionary" has been prepared for the use of all employees and gives the generally accepted meanings of banking terms rather than their strictly legal or technical definitions.

A copy of the dictionary is given each employee and the suggestion is offered that a thorough knowledge of its contents will make his tasks more interesting, help to increase his value to the bank, and help him as an individual.

Every effort has been made in compiling the book to attain simplicity and brevity without sacrificing clarity.

The book contains 36 pages of more than 250 complete definitions of banking terms, is six inches overall, and is divided into two sections for convenient reference. Section 1 contains definitions of terms and instruments which are encountered in general banking. Section 2 covers terms and instruments which usually are specifically related to the trust business. Certain terms which have different meanings in general banking and in trust parlance have been included in both sections.

The long felt want of a thesaurus for bank clerks seems to have been filled by the issuing of this handy volume which has been copyrighted by the First National Bank of Boston.

John B. Hitchins.

Fore!

From the staff publication of the Industrial National Bank of Detroit:

St. Peter and St. Thomas Aquinas were having a golf game one heavenly day. St. Peter's first drive was right up to the cup for a hole in one. St. Thomas, brandishing his celestial club, stepped up to the tee and drove a hole in one, too. "All right," said St. Peter, rubbing his hands together, "now let's cut out the miracles and get down to work."

★ ORGANIZATION ★

PRESENT DAY BANKING'S PROGRAM OF ACTION

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*Convention Calendar — A.B.A. Staff Changes — A.I.B. Convention
War Production Loans Report — News? Trust Conference Plans*

★ FOR VICTORY ★

Announcing a shorter name ...



but NO CHANGE in service

Effective January 1, 1943, the name of the First National Bank and Trust Company of Minneapolis will be changed to a shorter, simpler form... **FIRST NATIONAL BANK OF MINNEAPOLIS.**

This change is made solely for the sake of brevity and convenience. It does not signify any curtailment of the bank's services. *The First National's Trust Department will retain the same powers and perform the very same services as before.* All other departments of the bank will likewise continue to function without change or interruption.

No First National customer will be inconvenienced in any way. Checks, savings pass books, and other forms bearing the name of First National Bank and Trust Company of Minneapolis will be honored just the same as if they bore the bank's new, shorter name.

NAMES OF OFFICES AND AFFILIATES

- Each of the four First National offices in Minneapolis will operate under the new name—First National Bank of Minneapolis. They will still be designated respectively as the Main, St. Anthony Falls, North Side, and West Broadway Offices.
- There will be NO CHANGE in the names of the four Minneapolis banks that are affiliated with the First National.

HISTORICAL NOTE

It is interesting to note that, with this change in title, the First National resumes the name under which it was established 78 years ago, in December, 1864. . . . In fact as well as in name, this was the *first* national bank established in Minneapolis.

From New Year's Day onward, it's the

First National Bank of Minneapolis

Member Federal Deposit Insurance Corporation
AFFILIATED WITH FIRST BANK STOCK CORPORATION

The Return of Opportunity

JUST what are business and industry saying about the future?

What are the machines and test tubes saying?

What kind of a post-war world do they forecast?

The war may be a long way from won, but surely the job of winning it will be accomplished sooner and better if we see more clearly where we are and where we are going.

Political leaders and educators, feminists and fogies, liberals and skeptics, archbishops and communists, also many public and private agencies have been thinking and talking quite a bit about the kind of a world we are fighting for, but relatively little has been heard from the business and industrial sector where the future is actually in the process of being created.

Therefore, in order to find out what kind of a future is more or less taking shape before our eyes, we should adopt the simple course of going straight to the *published opinions of business leaders and the text of current farsighted advertising. Note illustrations.*

What do we find? An almost unanimous belief that technical advances, achieved under stress of war will bring an epochal renaissance of opportunity for individuals and nations to live, work and improve themselves.

The Uses of Opportunity

THIS is a tremendously impressive thing—this unanimity of opinion on a subject so vital. There are not many points on which students of post-war conditions agree. And if it is true that the end of the war will usher in a new era of opportunity, perhaps a great deal of the current discussions of post-war problems is beside the point—just so much shadow boxing because when people have plenty of opportunity to work and get along in the world they are not interested in being cared for from cradle to grave by the Government.

Another thing about this prospective return of opportunity. It is common ground where right meets left in all discussions of war objectives. There are words, of course, like Democracy, which are used with approval by all shades of opinion, but the users do not always have the same thing in mind.

Many have heard the old Negro song which repeats over and over again, that everybody who talks about Heaven ain't goin' there. So it is with Democracy. The word has acquired a variety of meanings reaching all the way across the political spectrum from lily white to deep red.

A Better Civilization

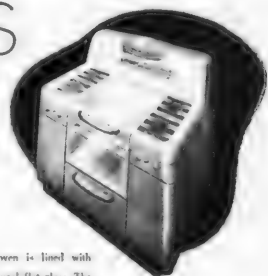
HERE are two samples of opinions which do not represent extremes in either case but are different enough in attitude and method to afford a contrast. Both are talking about a return of opportunity.

Kingsley Martin, editor of the *New Statesman and Nation*, London, recently visited the United States. In an article written for the *New Republic*, New York, he said:

"... those of us who remember the idealism of the last war keep our fingers crossed about the Peace just as we do about overconfident reports of victories on the battlefield. But I noticed two things: first, that all parties in the United States are finding it necessary to appeal in phrases that once would have been thought socialistic to the idealism and to the aspirations of common people; second, that in this melting pot of ideas the pronouncements of rival leaders may prove in practice less contradictory than at first appears. After the last war American business poured out money on capital investment in Europe and lost it. This time your capitalists may think it more clever to allow the capital development to be done on lease-lend principles and in the name of post-war relief; they will hope on the basis of this foundation of American money and goodwill to find ready created for them the overseas markets that, as individual capitalists, they cannot fail to desire. I need not add that I also see, as I am sure Henry Wallace sees, the most difficult problems in the world arising over the application of his 'common-man' policy. Capitalism will not easily change its nature. Suspicious Soviet Russia, hard-pressed Britain, isolated China and ambitious American business will not easily combine. My certainty, as I leave America, is that they will have to do so, because, in spite of isolationist forces which are still strong in the U. S. A., America will not repeat the

AN EXCITING PREVIEW OF THINGS TO COME FROM

GLASS



Our research laboratories and design department are humming these days, exploring with priority-punched industries new and practical uses of glass. It's an exciting preview to many promising postwar products.

Take our experiments with kitchen stoves, for example. Here, as with so many products, the study of glass as a replacement material has opened the way to revolutionary new design and performance features.

This new experimental stove features a fullvision oven door and top made of heat-strengthened Tufflex plate glass ... the glass with the iron constitution.

The inside of the oven is lined with colored opaque structural flat glass. The glass at the back of the oven and on the instrument panel is of a translucent type with indirect lighting, providing shadowless illumination. Housewives and stove manufacturers will instantly appreciate the utility features of this completely lighted, fullvision oven.

The new glass stove features suggested here can be accomplished with standard L-O-F glasses, the result of years of exhaustive research by our company. From our complete line of glass products we are able to fit glass into scores

of special applications. There are L-O-F glasses with thermal, acoustical, structural, lighting, decorative and many other chemical and physical properties that fit this remarkable material for endless uses.

If you have a material or design problem, we will welcome the opportunity to explore with you the possibilities of continuing your product with glass. Libbey-Owens-Ford Glass Company, 1378-A Nicholas Building, Toledo, Ohio.

abnegation of 1919. Dug in all over the world, the new pioneers of America will not wish to withdraw. The future of the world depends on the ideas that lie behind their expansion, and their capacity to make that expansion consistent with the rights and happiness of other peoples."

More briefly, A. W. Robertson, chairman of the Westinghouse board, speaks of post-war opportunities in these positive terms:

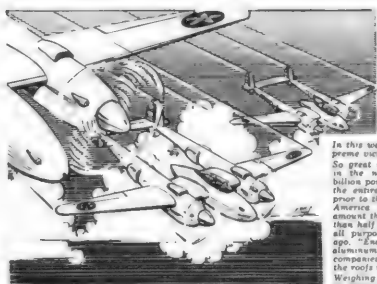
"We have a vast new store of know-how as a result of the swift strides made in the past two years of research and production. Industry's responsibility after the war will be to provide the breadth of vision needed to find ways and means to put this know-how to work to make a better civilization."

In all the large and growing quantity of post-war thinking it is hard to find much of it which does not have a good touch of that ancient hopefulness, described in the lines from Omar Khayyam:

"Ah Love! Could you and I with Fate conspire
To grasp this sorry scheme of things entire
Would not we shatter it to bits—and then
Re-mould it nearer to the Heart's Desire."

Debating What?

THE real difference of opinion between all varieties of war-gazing involves methods and not objectives. The only argument is one concerning the proper amount of political control over enterprise—how to keep the benefits of independent, individual effort and gain the benefits of governmental planning and direction.



ALUMINUM

In this war, Aluminum is one of the supreme victory metals. So great is the need for aluminum that in the next twelve months over two billion pounds—50 per cent more than the entire world produced in any year prior to the war—will be produced in America. To create such an impressive amount the United States will burn more than half the total of electricity used for all purposes in this country two years ago. "Enough and on time" is the cry for aluminum and already our great aluminum companies have been turning it out before the roofs were put on their new plants. Weighing only one third as much as steel or copper, aluminum's value lies in its lightness as well as its light weight. For instance, besides covering wings and fuselage for patrol bombers, aluminum is made into invisible wires so thin that a spool and a half would stretch 2,000 miles. New developments in aluminum have added 2,000 miles to the range of our airplanes—enough for additional bombing flights from Shanghai to Tokyo.

SERVING

THOSE WHO SERVE AMERICA

Anything important to the production of aluminum is important to victory. Thus, the great American Banking System is proud that aluminum is produced in greater quantities, by cheaper methods, in less time because of banking services. To have any part in this war is a privilege. To have such an important part is an honor.

In Nashville, the American National Bank's eleven offices offer complete banking facilities, backed by ample resources and prompt service to any

war industries keeping the fighting front vigorously strong and civilian businesses and individuals keeping the home front economically sound.

Tested by the past in step with the present and prepared for the future we stand ready to serve you who serve America with a sound and complete banking service to help you do your job better and faster. No account or loan is too large or too small, no request too trivial to have the interested consideration of this bank.

Organized 1885

THE AMERICAN NATIONAL BANK
NASHVILLE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
CHARTER MEMBER FEDERAL RESERVE SYSTEM
FOURTH AVE. AND UNION ST. • 200 BROADWAY • 351 BROADWAY • 411 CLEVELAND ST. • 511 MONROE ST. • 1211 WOODLAND
101 SECOND AVE. N. • 1205 2ND AVE. S. • 1701 WEST END AVE. • 4011 CRAWFORD AVE. • OLD BIRMINGHAM, TENN.

The "Retooling" of Banks

"THE war is affecting the banks of the country just as it affected industry. The latter has been converted from peacetime to wartime efforts. The banks, too, are being rapidly converted from financing civilian production and distribution to financing the needs of the government or those producing war materials.

"The readjustment from wartime to peacetime conditions on the part of industry will be of shorter duration than in the case of the banks.

"The volume of deposits created during the war is bound to remain in the banking system for many years to come.

"While the Treasury has fully recognized the desirability that as large a portion of the deficit of the Government be met through taxes and through the sale of obligations to ultimate investors, it is evident that the banks will be called upon to absorb a large amount of government obligations.

"The rapidly mounting debt will create problems for the national economy as a whole and for the banks as well as the reserve authorities.

"However, there are reasons to believe that business activity after the war will be at a high level and that once the industry of the country is converted into the production of civilian goods, the sharp increase in the public debt as well as in the volume of deposits will not undermine the purchasing power of the currency."—MARCUS NADLER, *Professor of Finance, New York University and Consulting Economist Central Hanover Bank and Trust Company, New York.*

With this in mind let's listen to a few more people who are close to where the future is not exactly being planned, but forged and welded. These are all excerpts taken from public remarks:

Aviation and a Better World

"CONSIDER the situation that will confront the merchant air fleets of all nations in the post-war world. Great Britain, France, Holland, Italy, Germany and Japan—in fact all foreign countries that have international air transport systems—have already merged their overseas air transport into great single monopolies. Each company, as a matter of national policy, is supported at home by its own government and diplomatically abroad by its foreign office. British Airways, the Lufthansa, Air France and Dai Nippon are the chosen instruments of their respective governments in world air transport. Many of these great systems are completely government owned. All of them enjoy the exclusive support of their respective governments in overseas air transport. A few of them, such as Lufthansa, may have their wings clipped in the peace treaty, but the great majority of these great systems will carry on to spread their post-war networks over the trade routes of the world.

BANKING

... We must begin planning now for an overseas merchant air-fleet system of global scope—an air-transport system not of luxury liners but one that will bring world travel within financial reach of the average man everywhere—an air-transport system that will guarantee survival of the free way of life all over the world and seal forever the doom of those international pirates who destroy foreign trade—but who never build it up.”—**JUAN T. TRIPPE**, *president, Pan American Airways*, before the *New York Herald Tribune Forum*.

Health and Comfort

“MANY things that before the war appeared only as dots on the horizon already are rapidly coming closer. What is being learned will speed the day when buildings and homes will be air conditioned as a matter of course. That day is coming surely.

“It is conceivable that a building or house without air conditioning may be as archaic at some future date as is one without central heating today. For what’s to stop the evolution of air conditioning along parallel lines with heating? A trend in this direction was interrupted by the war. It promises to go forward at an accelerated pace after the war. The emergence of prefabricated homes on a mass production basis may mean large application and markets for home air conditioning.

“There are those who visualize a future city completely air conditioned as to buildings, houses and enclosed street and highway levels—a city noiseless, with people living and working in air free from dirt and germs. Fantastic? Probably no more so than a prophetic visualization of New York today by someone 50 years ago.

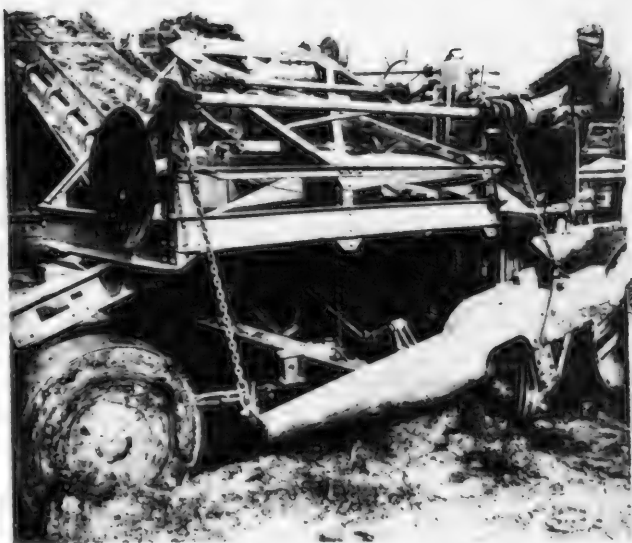
“It is conceivable that vast underground refrigeration storage plants may some day insure fruits and vegetables out of season as an ordinary thing—that wastage of food crops may eventually become a thing of the past through such vast storage devices.

“In its social implication, this is almost too big a thing to visualize. It means the bringing together of sowing time and harvest, the end of famines, food stored for world needs far into the future.

“But the important thing to remember is that air conditioning is only one of many industries that are being similarly spurred on to new fields of usefulness as a result of World War II. What is happening in the case of our industry is being repeated over and over again in other industries. The net result, while impossible to predict exactly, will most assuredly be to improve our way of life, to extend our standard of living, and to offer vast opportunities for the young men and women who will be tomorrow’s industrial leaders.”—**HERBERT L. LAUBE**, *director, Development Division, Carrier Corporation*, in the September 1942 issue of *Future*, magazine of the United States Junior Chamber of Commerce.

Beyond Anything Dreamed

“THERE are prophets of doom who tell us that even in America our frontiers are already gone and our economy matured; that, when production for war purposes declines, or ends, widespread unemployment must return, with all its ugly and desperate implications; that



It chews a pasture into an airport

A typical example of B. F. Goodrich development in rubber

COWS don't mind bumps in their parking lot—but airplanes do. Here's the machine that fixes those bumps. As it moves across rough ground, sharp discs chew up soil, roots, rocks, dirt—and drop it all onto a rubber belt to be carried up and dumped in trucks.

But the belt had to be so thick and heavy it could handle 14 tons of dirt in one minute, and in order to get it

down close to the ground it had to make a sharp turn around a small-diameter pulley. The strain was so great that belts costing several hundred dollars were being worn out in two or three weeks. (And each belt took 250 pounds of rubber.)

At one airport the B. F. Goodrich distributor was called in. He saw the trouble always started where farmers joined the belt ends together. How

about an endless belt? The contractor was sure the seam in the splice would even so, as it went around that narrow pulley, also that work would be delayed waiting for the spliced belt to come from the factory.

But B. F. Goodrich men had developed a kind of splice on which the only important seams are buried under a vulcanized rubber cover—and most B. F. Goodrich distributors have portable electric vulcanizers and can splice the belts right on the job.

and in a few hours. So a stock belt was made on-site on the big splicing machine—it was on the job next day. Lasted 21 weeks, more than twenty times as long as the first belt. Rubber was saved and airport construction was speeded up. The B. F. Goodrich Company, Industrial Products Division, Akron, Ohio.

B. F. Goodrich
FIRST IN RUBBER

in economic depression and hopelessness we shall have a political revolution and national collapse; and that world chaos, another Dark Age, is inevitable.

“No, I take a quite opposite view. There will be an enlarged opportunity, I believe, to create an era of prosperity beyond anything we have ever dreamed. Nor is this merely wishful thinking. It is based on fundamental realities.

“There’s a challenge to us! We have discovered that we have productive power and capacity that we had been using only in part prior to this emergency. Relieved of the need of diverting a large part of it to armament, we could raise the living standards of all the people to new levels—make the present middle level perhaps the minimum standard. We know now that it is stupid and worse than stupid to tolerate widespread poverty in the midst of plenty—that there is no excuse acceptable to reasonable men for a repetition of the experience of the 1930’s.

“No purely man-made system is so sacred as to be blindly held unchanging in the face of wholly unnecessary want. Our American economic system has been ever-changing, has created change, has continually readjusted itself to change. Never was there a national economy more changeable and changeable! And it is up to all productive groups who wish to retain our system of voluntary enterprise, our flexible, progressive system, to cooperate in making whatever adjustments are needed to realize the abundance which this emergency is showing to be within our reach.

“Nor is there any contradiction between our cherished individualism and increasing cooperation. What other people has shown such effective cooperation during these 150 years of our national history? And where else

in the world is there so widespread individual opportunity?

"Has the tremendous growth of the automobile industry, involving the cooperation of thousands of men in a single plant and the cooperation of thousands of investors, destroyed individual opportunity in the making of automobiles? Rather hasn't it greatly expanded individual opportunity? Doesn't it call for the exercise of individual initiative on a scale never before known in the transportation field?

"Yes, what we are discovering challenges us to new forms, new reaches of voluntary cooperation in meeting the problems of today and tomorrow.

"For voluntary cooperation is the democratic way. Freedom so to cooperate and effective use of that freedom are the conditions of maintaining democracy."

CHARLES E. WILSON, *president, General Electric Company, before the National Association of Manufacturers.*

Four Ways to Opportunity

"WITH a full realization that war production is our paramount duty and that it must be until the war ends, nevertheless, there is a grave and compelling demand that our preparation for life after the war should begin immediately: The mobilization of the tremendous forces of American production, launching out boldly for housing, for transportation, for highways, for essential medical care, pledged now by the deposit of bonds, organized now under the strength of an immense volume of saving, the evidences of which are the promises of the United States Government which today constitute the best asset on earth.

"Here are four avenues of opportunity, in no sense exclusive, but wholly typical of the type of activity which could quickly generate an immense volume of employment.

"... there will be a post-war demand for nine million units of housing. Second, a civilization like ours is completely dependent on transport. Our land transportation at the close of this war will be hopelessly inadequate, through wear, tear and obsolescence. The immense pent-up demand for automobiles which already exists is a matter of common knowledge. Third, the need for a vast, modern, well unified, daringly designed and audaciously constructed highway system is already evident. Fourth, one of the great social needs to which the war has given emphasis is that of adequate medical care for all of the health problems which are engendered by an industrial age.

"While we are speaking, the field of industrial opportunity widens to breath-taking dimensions: Television, electronics, the inexhaustible potentials which are flowing from research on the nature and structure of the atom—new sources of energy which spell not only comfort and convenience, but healing and hope for the sick—new and effective utilizations of the existing sources of power. More and more frequently in these great times, man lifts the veil and catches a glimpse of the eternal truth that nature's laws are his servants, if he will have the spiritual competence to employ them."—HENRY J. KAISER, *wartime shipbuilder and manufacturer, before the National Association of Manufacturers.*

SO THAT
HOMES OF THE FUTURE
WILL BE SOUNDER
MORTGAGE RISKS

good repair but also to build their homes of the future with rustproof copper and brass.

Through a series of advertisements in *Time* Magazine during 1942, we have encouraged the American people not only to keep their homes of today in

For them, building with these durable metals means sounder, more secure living; for you, better long-term mortgage security.

Anaconda Copper & Brass
THE AMERICAN BRASS COMPANY, General Offices: Waterbury, Connecticut
In Canada: Anaconda American Brass Ltd., New Toronto, Ont. • Subsidiary of Anaconda Copper Mining Co.

Taming the War-Born Marvels

"THE industrial miracle that is doing so much towards winning the war, also presents a long vista of improvement—in design, manufacture, performance and cost—of our present homes, automobiles, appliances and other facilities that we have come to think of as having reached perfection in the last decade. Also, we can envision many new and useful developments that can make life simpler and easier, all brought about by the taming of the marvels produced by the ingenuity and invention for prosecution of the war."—B. W. CLARK, *vice-president in charge of sales, Westinghouse Electric & Manufacturing Company, before The Producers' Council.*

From Now On

UP to now there has not been a great deal of comment from business on the post-war future. This is partly because of a lack of time and partly a feeling that we'd better get a good start first toward victory. From now on we should hear more from the shirtsleeve and overalls quarter on all phases of the picture—Money, Shelter, Travel, Overseas Trade, Eating, Recreation, Health, the comforts of Home Sweet Home, Office Machine Aids and Lighting and New Materials.

In the coming months BANKING will report progress, trends and developments and show where banks have a great part to take in the return of opportunity.

WILLIAM R. KUHN

BANKING

New War Damage Protection

JAMES E. BAUM

Mr. BAUM is secretary of the A.B.A.'s Insurance and Protective Committee.

SUPPLEMENTING its protection on shipments of money and securities by registered mail or express, insurance of the War Damage Corporation at Washington became available on December 21 to cover money and securities on premises of the insured, lodged in safe deposit boxes or with custodians, and in transit by messengers or armored cars or otherwise outside of the insured's premises, safe deposit boxes and custodians.

The four different types of coverage granted under the policy known as WDC Form No. 1(a) are specifically described as follows:

Coverage A. While within any "preferred vault" at any location specified in the application.

Coverage B. While within any "safe" or "vault" (including any "preferred vault") at any location specified in the application.

Coverage C. While within any of the "premises" (including any "safe," "vault" or "preferred vault" located therein) specified in the application, or within any of the "custodians" (including any bank vaults or safe deposit company vaults used by any of the custodians for safe-keeping) specified in the application.

Coverage D. While in transit or otherwise within the geographical limits in which the Corporation insures, for any business purpose, outside any and all "premises" and "safe deposit boxes," irrespective of the locations specified in the application, and outside custodians specified in the application, and outside bank vaults and safe deposit company vaults used by custodians and specified in the application; excluding, however, loss in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.

The amounts of coverage under B and C may be cumulative when money and securities are moved into a safe or a vault of less than preferred quality, for example, at the close of a business day or because of an air raid alarm. Likewise, the amounts of coverage under A, B and C may be cumulative when money and securities are moved into a vault of preferred quality.

The annual rates per \$1,000 of insurance are:

Coverage	Money	Securities
A	\$.25	\$.075
B	.50	.15
C	1.00	.30
D	1.50	.45

When coverage is purchased under C and D, the premium is adjusted by a credit of one-half the premium calculated for Coverage C or one-third of the premium calculated for Coverage D, whichever is the lesser.

A "preferred vault" is defined to mean a vault incorporated in the building in which it is situated and having (a) masonry walls at least 12 inches thick or reinforced concrete walls at least eight inches thick and in either case lined with steel at least one-half inch thick; or (b) masonry walls at least 24 inches thick or reinforced concrete walls at least 16 inches thick with or without

steel lining in either case; or (c) steel walls at least one inch thick; provided, however, that every entrance to any such type of preferred vault shall be equipped with one or more steel doors having an aggregate thickness of not less than two and one-half inches.

In addition to preferred vault, other terms, including money, securities, premises, safe deposit box, and custodian, are defined on the back of the application, WDC Form No. 16. These definitions and other conditions should be carefully read before an application for insurance is signed.

It is also important to note that the coverage under WDC Form No. 1(a) is limited to "direct loss through damage to or destruction of the Money and Securities" for which insurance is desired as stated on the application. The only damage or destruction covered is that "which may result from enemy attack, including any action taken by the military, naval or air forces of the United States in resisting enemy attack." Also, the only losses covered are those occurring within the Continental United States of America, Alaska, Virgin Islands, Hawaii, Puerto Rico and the Canal Zone. War risk insurance on money and securities in transit between these places may be purchased from marine insurance companies.

A Mortgage Manual

COMPLETION of the A.B.A. Home Mortgage Loan Manual by Dr. Ernest M. Fisher, deputy manager of the American Bankers Association in charge of Research Mortgage and Real Estate Finance, in cooperation with the Savings Division's Committee on Real Estate Mortgages is announced by H. R. Templeton, committee chairman and vice-president of The Cleveland Trust Company.

The manual has seven general divisions dealing with home loan mortgage application, inspection and appraisal, loan analysis, neighborhood rating, property rating, borrower rating, and mortgage pattern. Included under the various headings are sample analyses forms with recommendations for their use.

These forms were adopted after home mortgage lending practices in a large number of banks had been examined. In this examination, notice was taken of the wide variations in practice and an effort was made to assemble those steps embodied in the practice of any institution which are designed to adapt operations to changing conditions.

"The manual is the work of Dr. Fisher and has been reviewed and accepted by the committee," Mr. Templeton said, "and he has the thanks of the committee for this outstanding contribution to mortgage lending . . ."

War Bonds for Everybody

For the Duration

THE UNION DIME SAVINGS BANK of New York City, like many another institution, issued the following statement to Christmas Club members at the close of the 1942 club:

"In connection with the Treasury's payroll allotment plan for the purchase of War Bonds, we are handling payroll savings accounts for approximately 290 companies in our immediate neighborhood. Up to the present time we have opened more than 8,000 of these accounts, which has meant a considerable increase in work for the bank. In order to take care of these accounts more adequately, and to be able to handle an increased number, we have decided that we must use for this purpose not only the space but also the machines and personnel now concerned with the work of our Christmas Club.

"The Club was opened several years ago because of public demand and the desire of many young people working nearby to have money for Christmas without withdrawing from regular savings. Each year the membership of the Club has shown a substantial increase, until we were forced to put a limit upon the number of accounts we could handle.

"Many members of the Club this year have expressed the intention of putting some part of the money into War Bonds or into a regular savings account for next year's income tax. In order to facilitate this, the bank is making it possible for Christmas Club members to designate now what disposition they wish made of their funds. After the transfer to War Bonds or savings accounts, the balance remaining in each Christmas Club account will be sent by Christmas Club check to the depositor about November 23."

The above notice is typical of many others released at the close of the 1942 Christmas Club period. Many banks are continuing club operations with a change of name—Victory Clubs, etc. Others announce regular 1943 openings emphasizing the use of clubs to accumulate funds for War Bond purchases in the future.

To help some buddy on the shores of Tripoli, Marine Sergeant Allen Cushing buys the 50,000th War Bond sold by the Valley National Bank, Phoenix, Arizona, from Clerk Janet Graham



This display contrasting the old and new mediums of thrift helped the First National Bank, Leesburg, Florida, rout out hoarded small coins to increase War Bond sales.

Victory Savings

THE CATERPILLAR TRACTOR CO., Peoria, Illinois, one of the nation's 100 per cent war production plants, has devised an effective system of handling War Savings payroll deductions, which may contain a suggestion or two for bank sponsored plans.

Believing the results of the Victory Savings Plan, as it is called, depends upon the promptness of bond delivery, an unusual bookkeeping system was instituted to handle the accounts of 14,632 employees, with an average \$181,027 deposits and purchases monthly.

Accounts are handled on a special ledger card which carries anticipated balances, predetermined and listed according to the payroll deduction authorized. Entries are made by placing a date (agreeing with the date of pay) in the proper column before each "balance" figure. A ledger card covering a \$5 payroll deduction will reflect anticipated balances of \$5, \$10, \$15, and \$20; then an \$18.75 debit entry and next \$1.25, \$6.25, \$11.25, etc. The use of alternate colored ink in making rubberstamp date impressions on the card facilitates checking for possible errors.

Every weekday is payday at Caterpillar resulting in 2,300 postings daily. Three girls do the job in four hours. When the posting is completed and results balanced, ledger cards reflecting credit balances of \$18.75 or more are pulled and delivered to the cashier, who is responsible for the prompt issuance and mailing of the bonds. The supervisor of the bond department submits a daily report on the postings and deliveries. The Victory Bond department regularly employs eight persons, but at certain periods as many as 17 have been necessary to guarantee a 48-hour delivery of bonds.



One of a series of display posters in the lobby of the First National Bank of St. Louis

Best Bet

VICTOR CULLIN, former president of the Financial Advertisers Association, suggested the following as a publicity stunt for a small town bank to boost War Bond sales:

"Have every person who purchases a \$25 War Bond sign his name on a slip of paper, place it in a capsule, and on a given day either fire these capsules into the air in an aerial bomb or drop them over the town from a plane. The capsule may contain 10, 25 or more names. The first, second and third person finding a capsule with their own names on the list would receive a bond award upon presenting the capsule at the bank."

The idea, in short, is a form of treasure hunt, and could be developed in various ways.

Attention-Getter

THE SALMON-COLORED card (duplicate registration stub) which accompanies each War Bond has some practical value in stimulating more sales. Last month the IRVINGTON (NEW JERSEY) NATIONAL BANK used a quantity of printed notices to Christmas Club members announcing the suspension of activities for the duration. The message referred to the \$2,100,000 War Bonds sold by the bank, and urged that funds formerly deposited in the club be diverted into bonds and stamps. The card, obviously a government form, proved a good attention-getter.

Adolf

A PIGGY BANK, named Adolf, has proved a successful War Bond salesman for the BERGEN TRUST COMPANY of Jersey City, New Jersey. Recently the bank's customer bulletin, "Square Business," offered to give a quantity of the banks to prospective bond buyers free, with no strings attached.

The idea, as mentioned in the bulletin, is to dime Adolf to death, for he obligingly squeals with every coin thrust through the slot. Bank owners agree to a dime-a-day deposit—\$3 in War Stamps per month, a \$25 bond in six months.

In no time at all the demand for Adolf exhausted the bank's supply.

January 1943

Purchase Agreement

FINDING THAT the high cost of living and higher taxes are potential bottlenecks in meeting the Treasury's 10 per cent War Bond purchase plan, the PEOPLES TRUST AND SAVINGS COMPANY, Fort Wayne, Indiana, promptly raised salaries 5 per cent under the following agreement, which affected all but senior officers:

BOND PURCHASE AGREEMENT

WHEREAS, the Secretary of the Treasury of the United States Government is urging all persons to invest 10 per cent (10%) of their wages toward the purchase of United States War Bonds for the dual purpose of helping to finance the war and to divert funds from inflationary channels; and

WHEREAS, the PEOPLES TRUST AND SAVINGS COMPANY is cooperating to the fullest extent in the war effort and is desirous of having its employees conform to the request of the Secretary of the Treasury,

NOW, THEREFORE, in consideration of a 5 per cent (5%) increase of wages to be paid to me by said Trust Company, commencing (meaning hereby to increase wages to the extent of \$1 for each \$20 of current wages or fraction thereof), I agree that said Trust Company shall deduct 10 per cent (10%) of all wages to be paid me on and after and shall purchase therewith, from time to time, United States War Bonds in my name in such denominations as desired by me, and the same shall be held by said Trust Company for my benefit until the termination of this agreement as hereinafter provided.

In the event my employment should be voluntarily or involuntarily terminated then the bonds purchased for and on my behalf, together with any uninvested fund, shall be forthwith delivered to me.

It is understood that said Trust Company may at any time make delivery of such bonds or any part thereof to me, if in the opinion and judgment of the president of said Trust Company I need and should have same or a part thereof.

This agreement is entered into subject to the approval of the board of directors of said Trust Company and this agreement may be terminated at any time by a resolution of said board of directors to that effect; and if so terminated the bonds purchased and held for my benefit, together with any uninvested fund, shall immediately be delivered to me, and the increase in wages, resulting from this agreement, shall likewise be discontinued, and said Trust Company shall no longer have any legal right to withhold any part of my wages for the purpose of acquiring such bonds.

It is further understood that this agreement is a counterpart of a plan of said Trust Company whereby each of its employees is to sign and execute a copy hereof and this agreement shall not become effective unless and until each employee of said Trust Company has signed and executed a copy hereof.

Dated this day of 194—

Rope sign displayed at the State Street Trust Company, Boston, designed by P. J. Potter, assistant secretary, left; executed by A. H. Terrill, right; cabinet is by C. T. Gleason, center





One of a series of lobby posters designed by the Farmers National Bank of Princeton, Kentucky. This is a good demonstration of what can be done with scissors and paste

Noteworthy

EVERY DAY there's some new idea popping up to help spur War Savings Bond and Stamp sales. Here's one from Providence: Notaries public at the MORRIS PLAN COMPANY OF RHODE ISLAND formerly waived fees for notary service to customers, but now charge one or two War Savings stamps. The stamps, of course, are retained by the customer. Although there is comparatively little traffic in this department, the plan was adopted on the theory that every little bit helps. Customers apparently like the idea for some buy more than the required amount.

Victory Bond Check

THE FIRST NATIONAL BANK, Port Arthur, Texas, reports an interesting development in the 100 per cent voluntary payroll deduction plan operated by one of its customers, the Gulfport Boiler & Welding Works, Inc., shipbuilding contractor. The company's payroll department issues two checks to employees: one for salary and the other covering the deduction pledged to War Bonds. Imprinted on the face of the victory check is the statement: "Valid only in exchange for U. S. Bonds or Stamps at the First National Bank, Port Arthur, Texas." The check also carries a notice to the effect that bonds are to be issued for the nearest denomination available to the amount of the check, and the balance in stamps.

The next supply of checks is to be arranged so that the payee may redeem them at any bank or duly authorized War Bond agency. It is reported that the Treasury Department has expressed interest in the plan and is now investigating its possibilities of future extension.

Spirit

THE HAMILTON NATIONAL BANK of Washington, D. C., is conducting a series of bond selling campaigns, the first of which has just been launched for a period of one month. Quotas for the sale of all issues have been established for the branches of the bank; the idea being to create a spirit of friendly rivalry among the officers and employees of the branches. A system of awards for the personnel of the branch making the best showing has been worked out.

As a result of a recent meeting, at which time a full explanation was made of the appeal Tax Savings Notes should have to an increasing number of customers, a substantial volume of sales has been reported. One officer sold approximately \$200,000 within three weeks and reported that out of 16 sales made by him only two of the purchasers were familiar with the advantages of this type of investment.

Now that the taxpayer is more conscious of approaching March, and is learning more about what he'll pay, Tax Savings Notes should net greater volume.

Keep your
WAR BONDS

Monday 8 a.m. Shore water	Monday 12 noon	Monday 4 p.m. 4 hours later	Monday 7 p.m. 7 hours later	Monday 10 p.m. 10 hours later	Monday 12 noon 12 hours later	Tuesday 2 a.m. 15 hours later	Tuesday 4 a.m. 17 hours later
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SA FRANCISCO
NEW YORK
PLAINFIELD
LONDON
BERLIN
MOSCOW
CAIRO
INDIA
CHINA
JAPAN
AUSTRALIA

YOUR BONDS WILL HELP BOMB OUR ENEMIES 24 HOURS A DAY - ALL OVER THE WORLD - BUY THEM NOW!

BOND
TIME HERE
IS
FIGHTING
TIME ...
AROUND
THE CLOCK
ON
EVERY
FRONT

The Plainfield National Bank of Plainfield, New Jersey, exhibits this wall map showing variations of time around the world. Slogan: Bond Time in Plainfield is Fighting Time around the clock on every front



This payroll line is in the Citizens & Southern National Bank, Macon

Serving War Workers

IN PITTSBURGH the downtown banks are opening an hour earlier to cash payroll checks for industrial and railroad employees who work on night shifts. Banks in other parts of the city are following much the same practice and in some instances keep open from one to two hours later in the afternoon.

CAMBRIDGE, MASSACHUSETTS, a busy industrial city, reports that officers of its banks have had personal contacts with employers as the occasion demands. If pressure on any one day or at any point means that reasonable service can't be assured, attempts are made to stagger hours of payment or change payday. The cooperation of industry, said a banking profession spokesman, "has been remarkable."

Banks in NEWPORT NEWS, VIRGINIA, began nearly two years ago to remain open two evening hours on Fridays. There has been no effort to stagger payrolls in that war production center.

"A number of LOUISVILLE bankers feel," said a report from that city, "that with the available facilities for banking by mail, there is little need for customers to visit banking officers in order to use bank facilities. . . . The Louisville banks, individually, through the solicited cooperation of their customers, have taken steps to stagger payrolls and arrange time for cashing payroll checks."

MERCHANTS in LANCASTER, PENNSYLVANIA, do a big business cashing payroll checks, particularly Friday evenings, and the banks believe this practice has relieved lobby congestion on Saturday mornings. They also think that "to start opening one night a week would be easier to do than to stop such hours after the war," and that "other difficulties might easily creep into such a practice, namely, doing a complete banking business, opening several nights a week, etc."

Banks in GREENSBORO, NORTH CAROLINA, are making arrangements to cut down the holidays to conform more closely with those taken by general business. The schedule is expected to be eventually Fourth of July, Labor Day, Thanksgiving Day and Christmas.

Two SYRACUSE, NEW YORK, banks are open Monday evenings to care for defense workers and others unable to do business during regular banking hours.

Banks in BRUNSWICK, GEORGIA, open each Friday from 6:30 to 8 P. M. to cash checks for shipyard workers. A request for staggering of payrolls may have to be made.

Payroll check cashing in SCRANTON, PENNSYLVANIA, has become a problem for some of the banks, and one or two are remaining open beyond regular hours on paydays.

A NATIONWIDE survey by this magazine provided a cross section of banking practice in several important wartime problems, particularly in connection with the cashing of war workers' payroll checks.

In more than 300 communities across the country we asked whether, in each locality, banks had made any effort to stagger payrolls or arrange special time for cashing the checks so as to avoid crowded lobbies and overtime and to spread the work more evenly.

Another question was whether the banks charge for cashing payroll checks. Still another concerned bank business hours in wartime—that is, whether it had been found necessary to be open extra hours, advance or retard present schedules, or to remain open on holidays, where such action was optional.

Replies were numerous and extensive, providing a mass of useful information and many interesting observations on bank service in these times of great industrial activity and heavy demands on banking facilities. From the answers certain generalizations are possible:

On the whole, it hasn't been necessary to stagger payrolls, although it is done in some places, often by the employers themselves.

Considerable cashing of payroll checks is done by local merchants.

Banks in some cities and towns are successfully endeavoring to relieve congestion by getting customers to bank by mail.

Some banks promote the idea of meeting industrial payrolls with cash instead of checks.

There seems to be a trend in favor of fewer bank holidays; the number has already been cut in certain instances.

Generally speaking, extra banking hours are not being provided, although this is not the case in numerous large industrial centers where war production payrolls are heavy.

Banking practice in the matter of a charge for payroll check cashing is rather evenly divided between the Do's and the Do Not's.

THE specific reports that follow do not necessarily support the generalizations above reported. They were selected because they seemed to contribute to the solution of the problems by showing how bankers were solving them. Many others might well have been used, but space limitations prevented.

PHILLIPSBURG, NEW JERSEY, reports that the larger industries there stagger payrolls to avoid bank jams on paydays.

Local merchants in SOUTH ST. PAUL, MINNESOTA, have been taking care of the check cashing, "and they seem to prefer to continue this practice rather than have the banks take over."

SALINA, KANSAS, is another city where the merchants do most of the check cashing.

The custom in ALBANY, GEORGIA, is for the banks to take care of war workers after hours, sometimes as late as 6 P. M. There is some question as to whether, in these times, banks should observe all holidays.

Banks in ELKHART, INDIANA, have agreed to stay open on such holidays as Columbus Day, Lincoln's and Washington's birthdays, for the duration, closing only on the major holidays when the stores are closed, too.

In ST. JOSEPH, MISSOURI, payrolls are staggered to a certain extent, with the result that not all firms use the same day of the week as payday.

PINE BLUFF, ARKANSAS, reports: "The payrolls are handled after banking hours by our merchants as they remain open one night during the week for that purpose. The money for cashing these checks is loaned to the merchants by us on a day to day basis."

One bank in MADISON, WISCONSIN, has conducted an active bank by mail campaign, using postpaid envelopes for checking accounts and different envelopes for savings and other services. Their use has so largely increased that the bank feels it partially answers the question of remaining open at other than regular hours.

Shipyard workers "somewhere on the East Coast"



CUSHING

Although there is no demand in CLEVELAND for later hours at the main offices of local banks, there is considerable demand for service at branches in industrial areas. Banks with branches in those districts have been considering an arrangement whereby the branches would stay open extra hours. As for staggered payrolls, the point was made that the average worker likes his money just before the weekend when he is used to receiving it, "and there isn't much that can be done."

Commercial banks in SEATTLE gave early consideration to the possibility of deviating from the usual banking hours as a means of lessening traffic congestion and providing greater convenience for war workers. However, it was decided that a departure from the regular schedule wouldn't improve conditions inasmuch as all bank employees don't leave at the same time and service might be affected.

ROCHESTER, NEW YORK, banks recently went on a schedule of opening at 7 P. M. on Mondays for two hours at the main and local branches for the transaction of regular business.

In WICHITA, KANSAS, the banks are open from 4:30 to 7 P. M. one day weekly to cash airplane factory payroll checks. Similar service is provided on two other paydays a month.

LONG BEACH, CALIFORNIA, shipyards have cooperated with the banks to the extent of having regular three weekly paydays instead of one. Several large stores have opened special departments to cash pay checks.

Most of the banks in SAN ANTONIO, TEXAS, are said to feel that the number of Texas holidays should be reduced. The banks are now observing 14, whereas no business house in San Antonio has more than four.

Pay checks of war workers in TACOMA, WASHINGTON, are being cashed on a large scale by department stores, cigar stores and taverns. Some of the department stores have employed extra help and opened special windows for that purpose. They make no charge.

SALINAS, CALIFORNIA, reports: "We have given our customers, particularly bars, department stores and restaurants, many thousands of dollars in cash beginning Fridays and continuing until Monday noon. In this way we have taken all the confusion away from the banks, and it has increased our customers' business considerably."

PHOENIXVILLE, PENNSYLVANIA, banks have arranged for staggered payrolls.

In MERIDEN, CONNECTICUT, three banks are open "after hours" on Fridays to handle payroll checks for certain large industrial customers.

PORTLAND, OREGON, observes legal holidays in the customary manner, "although it is becoming a problem to get all of the work out on the day following a holiday that is not generally observed by all business houses." A proposal for legislative action to eliminate certain statutory holidays is being considered.

SAN DIEGO, CALIFORNIA, reports a "very strong feeling in banks that the problem of paying their men rests with the plants and that they should pay in cash." Currency exchanges also operate in San Diego, "but labor has objected to this on the ground that it should cost them nothing to cash their checks."

PICTURE LOG—A Real Estate Mortgage Conference, a Testimonial



PICKANDS



PICKANDS

Real Estate Mortgage Conference

W. W. Slocum, president, A.B.A. Savings Division and president, United Savings Bank, Detroit, presided at the Real Estate Mortgage Conference in New Haven on December 9; G. J. Bassett, president, Connecticut Savings Bank, New Haven, as general chairman gave the call to order; and Dr. E. M. Fisher, A.B.A. Director of Research in Mortgage and Real Estate Finance, outlined conference objectives. G. Harold Welch, trust officer, The New Haven Bank N.B.A., led panel discussion on "Management of the Mortgage Portfolio in Wartime"; L. A. Tobie, president, Meriden Savings Bank, led discussion on "Making New Mortgage Loans"; and H. P. Splain, president, Savings Bank of Danbury, led discussion on "Influence of Rent Control on Real Estate and Mortgages." Photograph, above, shows conference delegates; speakers' rostrum, at left, left to right, Mr. Bassett, Mr. Slocum, Dr. Fisher, and Mr. Welch

W. Espey Albig Testimonial Dinner

W. Espey Albig, who retired as deputy manager of the A.B.A. on January 1, was given a testimonial dinner at the Waldorf-Astoria in New York on the eve of his retirement by the men and women closely associated with him during his 19 years of service with the Association. This included former A.B.A. presidents and Savings Division presidents; state and national saving bank association leaders; former and current Commerce and Marine Commission, Membership Committee, and Foundation Trustees chairmen and committee members, leading savings and commercial bankers and A.B.A. staff members. The sponsoring committee was headed by Philip A. Benson, past president of both the A.B.A., and the Savings Division; W. W. Slocum and Roy R. Marquardt, current and past presidents of the Savings Division. Charles H. Deppe, vice-president, Fifth-Third Union Trust Company, Cincinnati, president of the Savings Division at the time Mr. Albig came to the A.B.A., made the testimonial presentation. At the speakers' table, below, Messrs. Totten, Albig, Benson, Stonier (speaking), Slocum, Kent and Deppe



State Secretaries' Conferences, Insurance and Protection Forum . . .



KAUFMANN & FABRY

State Secretaries' Conferences

Fred M. Bowman, president, State Secretaries' Section of the A.B.A. and secretary, Kansas Bankers Association, Topeka, presided at three regional conferences of the Section at which state secretaries compared ideas and discussed current problems of mutual interest. *Above*, conferees attending a session of the Central States Conference in Chicago. A.B.A. President W. L. Hemingway is an interested spectator *at extreme left*. Other A.B.A. officials attending this conference included Vice-president A. L. M. Wiggins, who is president of the Bank of Hartsville, S. C.; Executive Manager Harold Stonier; Deputy Manager A. G. Brown; and W. T. Wilson, secretary of the State Secretaries' Section. The Central States Conference named a committee to work with the A.B.A. on a plan to curb unfair competition of the P.C.A. A joint meeting was held in Chicago and **BANKING** will report results next month. *At right*, J. Carlisle Rogers, secretary, Florida Bankers Association and chairman, Southern Secretaries' Conference, with Mr. Wiggins at the Southern Conference in Atlanta. The Western States Conference was held in Salt Lake City too late for a picture to reach **BANKING** before press time



Insurance and Protection

Forum meeting of the Essex County Chapter of the A.I.B. in Newark was attended by a panel of bank insurance experts who discussed and answered questions on various types of bank insurance coverage. The insurance panelers, *at right*, were led by James E. Baum, deputy manager of the A.B.A. and secretary of the Insurance and Protective Committee. *Left to right*, Robert Moore, Boston Insurance Company; Mr. Baum; Herbert N. Hutchinson, American Surety Company of New York; and Wilbur A. Stevens, Hartford Accident and Indemnity Company

War Manpower Clinics, Louisiana Agricultural Conference . . .



Bank Manpower Clinics

Approximately 124,000 bank staff members in 952 banks were represented at 11 Wartime Personnel Clinics conducted last Fall by William Powers, A.B.A. director of Customer and Personnel Relations, in Cleveland, Boston, Minneapolis, Kansas City, St. Louis, Chicago, Richmond, Atlanta, Dallas, Philadelphia and New York. At each clinic Mr. Powers presented a detailed analysis of the banking per-



WEIMAN & LESTER

sonnel situation, his talk being followed by panel discussion. Personnel officers at a session of the Kansas City Clinic, *above*. Kansas City panel participants included, in addition to Mr. Powers: J. F. Dawson, Denver; W. Laird Dean, Topeka; J. Burl Morse, Kansas City; and E. L. Stucker, Tulsa. Panelers at the New York clinic, *left, left to right*, L. Floyd Smith, Syracuse; R. E. Kendall, Jersey City, N. J.; Mr. Powers; George J. Heath, Montclair, N. J.; and J. Stanley Brown, New York City

Bank-Agricultural Conference

P. T. Acton, agricultural agent, Illinois Central System, snapped the photograph *at right* during a meeting of the Agricultural Committee of the Louisiana Bankers Association in Baton Rouge. *Left to right, seated*, A. G. Brown, manager, A.B.A. Agricultural Credit Department; W. W. Schroeder, L.B.A. president; J. C. Decuir, Agricultural Committee chairman; and A. R. Johnson, L.B.A. vice-president; *standing*, T. G. Nicholson, W. C. Abbott, W. M. Babin, L. A. Windham, R. I. Didier, Frank Patenotte, and John J. Martin, Jr.



Savings Cost Analysis

J. R. DUNKERLEY

MR. DUNKERLEY is secretary of the Savings Division, American Bankers Association.

IN lieu of cost accounting, many savings bankers have for years followed rules-of-thumb which have been helpful but not reliable. For instance, it had been generally understood that the investment cost in a mutual savings bank was in the neighborhood of .50 per cent in comparison to deposits. In commercial banks this cost is nearer .75 per cent. Another approximation has been made with respect to operating expense which has been assumed to be approximately another .50 per cent. Simply expressed, a savings bank with interest earnings of $3\frac{1}{2}$ per cent might, after payment of a 2 per cent interest-dividend, .50 per cent for investment cost, .50 per cent for operating expense, still have .50 per cent for transfer to surplus or for write-downs. This type of cost figuring brings a commercial bank which ordinarily figures .25 per cent, higher investment cost, and the desirability of paying dividends to the stockholders, to the decision that with interest earnings of 3.50 per cent it can pay out interest of only 1.25 per cent in order to secure the orthodox profit of 1 per cent.

Accountants Disagree

IT has been difficult to get accountants to agree on how cost figures should be compiled. There is more than ordinary disagreement with respect to the cost accounting in savings banks and savings departments. Previous attempts to compile cost figures for a comparison among banks have been rather fruitless because the bases on which the various banks reported varied so greatly.

Under the circumstances the Committee on Savings Costs of the Savings Division engaged the accounting firm of Driscoll & Millet to set up a plan of procedure, with the suggestion that banks conform to this accounting whether or not they agreed implicitly in its theory. In this way all banks would be participating on the same basis, and there would be a true comparison even

though the theory of accounting might be subject to discussion.

How great the error has been with respect to rules-of-thumb is revealed by the variation in cost experience among the 150 banks which have so far completed their analyses. The ratio of interest earnings to deposits ranges from .93 per cent to 5.80 per cent; the ratio of interest paid to deposits ranges from .43 per cent to 2.44 per cent; the ratio of expense to deposits ranges from .09 per cent to 2.36 per cent, and the ratio of net profit-loss to deposits ranges from a net profit of 3.12 per cent to a net loss of 1.32 per cent.

Savings Bank No. 15

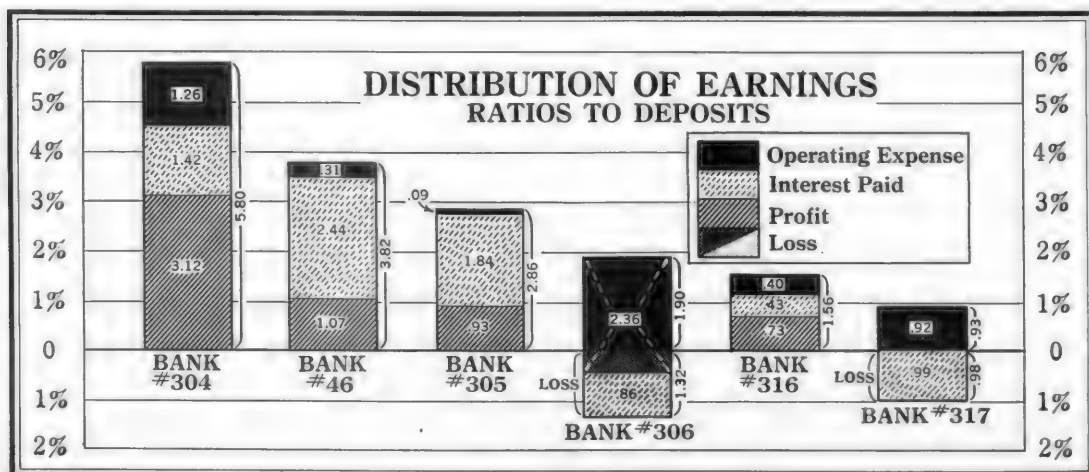
THE committee is now studying intensively the reasons why certain banks have been able to operate more satisfactorily from a cost point of view than others in a similar classification. The first bank to receive special scrutiny because of its favorable standing is coded as No. 15 in the survey. This is a mutual savings bank in the metropolitan district of New Jersey with deposits of approximately \$14,000,000 and assets slightly in excess of \$15,700,000. During the past year the savings department of this institution earned 3.85 per cent, with an investment cost of .33 per cent, making a net rate of income on all investments of 3.52 per cent.

The following ratios to deposits show an unusually healthy condition:

Ratio of earnings to deposits.....	3.12 per cent
Ratio of interest dividends to deposits.....	.96 per cent
Ratio of expenses to deposits.....	.30 per cent
Ratio of net profit to deposits.....	1.86 per cent

From the above it will be seen that this bank could pay a much higher interest-dividend but is restricted by state regulation to a maximum of 1 per cent.

This bank has the following departments: savings, school savings, checking, Christmas Club, bond investment, mortgage, trust, safe deposit, building. It is manned by seven officers, six tellers, and five clerks.



Below is a breakdown of expenses for this institution:

Salaries.....	\$19,433.62
Advertising.....	5,891.21
Stationery and supplies.....	1,530.23
Freight and express.....	11.00
Telephone.....	201.39
Postage.....	174.53
Electricity, light, and power.....	222.39
Legal fees.....	118.50
Repairs and maintenance.....	384.24
Taxes on salaries.....	597.61
Miscellaneous.....	29.09
Rent.....	2,486.00
Depreciation.....	1,619.49
* Other expenses.....	3,637.99
Total.....	\$36,337.29

* Note: Proportionate share of general bookkeeping, stenographic and administration departments and premium on workmen's compensation policy.

The following is a list of the equipment used:

	Annual Depreciation
6 National Cash Register posting machines.....	\$1,378.64
4 Monroe bookkeeping, listing and calculating machines.....	171.60
4 Burroughs & Allen Wales adding machines.....	45.82
1 Todd checkcutter.....	5.00
2 Standard Johnson coin counting and sorting machines.....	16.72
1 Remington typewriter (purchased 10/1/41).....	1.71
	\$1,619.49

The comptroller of this institution has prepared a 16-page report on the organization and systemization of his bank. He states that for four years the bank has operated under a cost accounting system almost identical to the Savings Division procedure, and that if the survey had been made five years ago, the bank probably would not have shown up nearly as well in comparison with other institutions. In determining bank policies and changes in organization, no factor is given greater weight than the condition of the bank as revealed by the cost accounting.

Bank No. 37

BANK No. 37 is one of several mutual savings banks in the survey with over \$100,000,000 of deposits. The following shows its interest earnings:

	Mortgages	Bonds
Gross yield.....	3.876	2.516
Investment cost.....	0.233	0.080
Net yield.....	3.643	2.436

The ratio of interest earnings to deposits of this institution was 2.93 per cent, expenses amounted to .48 per cent, dividends to 1.47 per cent, leaving a ratio of net profit to deposits of .975 per cent. Intrigued by the preliminary survey, the bank investigated the cost of transactions and maintenance, which are listed below:

Cost of ordinary deposit transaction.....	28.3 cents
Cost of ordinary deposit transaction through mail department.....	43.7 cents
Cost of cashing a check.....	25.7 cents
Cost of ordinary withdrawal.....	29.0 cents
Cost of ordinary withdrawal by check.....	32.3 cents

Cost of ordinary withdrawal by check through mail department.....	49.0 cents
Average cost of maintaining an account for one year (without any activity).....	92.0 cents
Average number of transactions per account per year.....	5 1/4
Average cost of activity per year.....	\$ 1.93
Average account.....	\$922.75
Deposit insurance and other "size" expenses.....	11.6 cents per \$100
Total cost of average account.....	\$ 3.92
Average balance required to cover expenses and dividends.....	\$224.00 (incl. 3/4 per cent for surplus and reserves—\$548)
Cost of opening new account.....	\$ 1.11

GENERALLY speaking these costs are high. But in New York City, where bank No. 37 is located, these costs are low in comparison with other institutions.

The scope of the committee's work is appreciated when we realize that the investigation of these two savings banks indicate the type of research which is going to be done in all participating banks which show a favorable experience.

Investment Cost

THE allocation of costs as between investment and operating expense causes the greatest amount of discussion. The amount of time devoted by the chief executive officer to investments varies greatly among the institutions, and hence affects the investment cost considerably. The president of one bank feels that the difficult task of determining the proper allocation of expense is one of the most valuable parts of the survey in that it has fixed attention on this problem for the first time in his experience. Furthermore, the committee has already learned a great deal about the variation in investment cost which tapers down rapidly as the size of the institution increases.

Interest Earnings

IN commercial banks the theory of earnings on savings deposits is confused. Inasmuch as a savings deposit in a commercial bank is for all practical purposes a demand deposit, the committee has accepted the premise that savings deposits are entitled only to the average earnings of the institution. Many of the commercial banks have protested that this is inequitable because the bank has bought mortgages and long-term investment on the basis of the time deposits in the institution. These bankers feel that savings deposits, which are relatively inactive and furnish the funds for long term investments, are entitled to a higher yield than demand deposits. At this stage of the survey the committee can only take the position that all banks have reported on the same basis and that an attempt will be made to clarify the status of the savings deposit in that respect.

The committee welcomes all banks wishing to participate in this cost survey. There is no charge involved. Necessary forms may be obtained by applying to the Savings Division.

ORGANIZATIONS AFIELD

Editorial

"SPEND, SUCKER, SPEND," one of those little classics of editorial writing containing a forceful wartime message, has received widespread distribution through the good offices of the SAVINGS BANKS ASSOCIATION OF THE STATE OF NEW YORK. Originally published in the *Waterville Times*, reprints of the article have topped 150,000 circulation among depositors, war workers, churchgoers, etc. Several of the state's leading industries are cooperating in ordering reprints direct from the publisher for their own employees.

The message harks back to the last war: the silk shirt era and the war-end slump, the second lap of splurging and the crash of '29, and draws a parallel with the grasshopper existence of people who now spend without regard for War Bonds and personal thrift. It is strongly phrased and aimed at the philosophy of a "short-life-but-a-merry-one" that seems to prompt excessive waste.

Bank Clubs

THE BANK Management Committee of the WISCONSIN BANKERS ASSOCIATION is urging members to organize in small local groups or clubs for the purpose of discussing mutual problems and devising ways and means of mutual assistance. The committee cites the experience of the nine Chippewa Valley banks which recently developed a club program of correspondent relations and the pooling of investment information, as a model for the state. The steps taken by this group were: (1) A discussion of each investment portfolio with correspondent banks; (2) digest of the discussion and list of securities furnished to the club by all members; (3) adoption by all members of investment policies approved by the group, after open examination of the facts and material assembled; (4) members agreed to regard the policies adopted and the pooled information on any issue as the property of the club; and (5) all agreed that new investments made by each bank would have the approval of either the organization, its president or one of the correspondent banks, local issue excluded.

Auctions

THE MINNESOTA BANKERS ASSOCIATION has asked its members to send their Congressmen a copy of every farm auction sale bill, and inform them if the owner is quitting the farm. This plan is intended to provide actual evidence of the serious farm manpower situation and urge upon the state's representatives the necessity of relief.

Cost Manual

"A SIMPLIFIED Method of Figuring Small Bank Costs" has been issued by the Bank Management Committee, SOUTH DAKOTA BANKERS ASSOCIATION, to the membership. It is based upon analysis of 70 reporting banks. Because of the inherent difficulties involved

in departmentalizing bank operations, the committee proposes the development of a "time" plan for analyzing costs. Using the number of minutes required to complete a given operation as a yardstick, the report explains just how the method may be applied and suggests the use of standard forms, all of which are illustrated in the manual.

Pool

AT A recent executive committee meeting, the NORTH CAROLINA BANKERS ASSOCIATION reviewed reports on the effects of war on bank personnel and the prospect of future losses. To meet the situation locally, a special committee was appointed to lay plans for educating the new corps of employees—now mostly womanpower—and to arrange through the executive secretary's office for the general pooling of all available bank personnel.

Cost Analysis

IOWA'S STATE Department of Banks has set up a uniform schedule for cost analysis of checking accounts and urges its adoption by banks throughout the state.

The schedule has the official endorsement of the IOWA BANKERS ASSOCIATION. Frank Warner, the association's secretary, along with the deputy superintendent of banks, has been presenting it for adoption by county groups at a series of recent meetings.

The schedule comprises graduated item charges based on a maintenance charge of 50 cents a month for each account plus five cents for each check written or out-of-town check handled with an offsetting credit of 15 cents for each \$100 of average balance. Additional checks are five cents each.

Score Board

THE PAYROLL savings campaign of the NEW YORK STATE BANKERS ASSOCIATION is nearing a perfect score according to recent reports. The association's monthly news bulletin recently carried a county-by-county box score listing the number of banks in each of the state's 62 counties, the number of banks with plans in operation, and the county percentage. The state's average for 718 stood at 92.33 per cent, with every indication that the next report would put the entire association over the top.

Legislature

COMMENTING that the people of Idaho apparently did a good job in electing representative men and women to the state legislature in the recent election, the IDAHO BANKERS ASSOCIATION lists the various business and professional categories of members of both legislative bodies. There are 15 farmers in the Senate and 26 in the House. An analysis of this type seems appropriate to the "Know-Your-Legislators" campaign conducted by a number of state groups.

Check Costs

THE ILLINOIS BANKERS ASSOCIATION announces a simplified formula for the analysis of checking accounts, devised by its Bank Management Committee. A saving of 60 per cent of the time and effort ordinarily consumed and a resulting increase of revenue are credited to the new system. The committee states that there are some points of controversy in connection with the study from which the formula was evolved, but, it says, certain elements are bound to vary in individual application.

The main purpose of this project was to provide simplicity and revenue, and at the same time take into consideration actual conditions and the need of income to supplement the decreasing return from earning assets. Also, it was prompted by the fact that many depositors have increased their bank balances recently and, if

there is to be any revenue whatever, a revision of service charges appears imperative. The committee suggested trial of the new formula for one month and a comparison with the previous system.

New England Bankers

THE COUNTRY BANKERS ASSOCIATION, a New England organization, recently held its 16th annual meeting in Greenfield, Massachusetts. Albert P. Cushman, president, Northampton (Massachusetts) National Bank, and association chairman, spoke on the Victory Fund drive, and J. E. Drew, secretary of the A.B.A. Public Relations Council, discussed ration banking and other new banking developments. The C.B.A., representing a number of New England banks, was formed 16 years ago to work for the advancement and betterment of bank services.

Meet the State Secretaries



Michigan's
Ray O.
Brundage

As RIPLEY would phrase it: R. O. B. was once upon a time Michigan's Public Enemies' Enemy No. 1. As the state's one-man pardon and parole board, otherwise known as keeper of the keys, RAY locked or unlocked the steely gates for repentant evil-doers. A couple of years at this occupation, and Ray decided that business offered more opportunity for his talents.

For a good many years, RAY has been secretary-treasurer of the Brundage Company of Kalamazoo, a home manufacturing concern now turning out air conditioning units for warm air furnaces. With the heating situation what it is, we suspect business is fine, thank you.

As secretary of the Kalamazoo Chamber of Commerce, 1918-1923, RAY sang the praises of the industrial Midwest and counted many more smoke stacks on the horizon before he resigned.

From 1910 to 1918, he was assistant to the president of the Old Kalamazoo City Savings Bank. And since 1912 he has been secretary of the Southwestern Michigan Bankers Club, which incidentally preceded the organization of the Michigan Bankers Association by three years. When the latter was formed, RAY was elected executive manager.

After a full day's work on the M.B.A.'s wartime program, RAY settles back in his Lansing home proud of the fact he's a grandfather.



Missouri's
William F.
Keyser

BILL KEYSER spent the past 30 years in the executive offices of the Missouri Bankers Association, and that comes very close to the record. As a native son, he still contends that Missouri is not only a good place to come from, but a mighty fine place to stay in.

He was born in Cooper County, played baseball on the flats, attended grade and high school and went on to college. He received his B.A. from the William Jewell College, Liberty, Missouri, and on December 4, 1942, he became an honorary alumnus of the University of Missouri.

After graduation, BILL assumed the stern demeanor of a high school principal but three years of keeping adolescent youth under his thumb was quite enough. He then joined the M.B.A.

Over the years BILL has been a familiar figure in the A.B.A. official family. He is a past president of the State Secretaries Section, a member of the Executive Council, and was chairman of the Insurance Committee for 14 years to 1938.

He was twice president of the Central States Conference of Bankers Association Officers.

He was first president of the Sedalia Kiwanis Club, and has served as a director throughout the club's 20 years' existence. He is now president of the Melita Day Nursery; a member of the Missouri Merit System Council and the Farm Chemurgic Commission.

Changes Are Made in A.B.A. Staff Assignments

A.B.A. Suggests Bank Aids to U. S. War Fund Drive

Booklet Is Sent to the Membership

To facilitate bank cooperation with the U. S. Treasury's Victory Fund war financing program, the American Bankers Association sent to all its members a booklet containing suggestions for aiding the drive.

Preparation of prospect lists of potential investors in the Treasury's securities was urged.

"Whether you are cooperating with other members of the regularly organized Victory Fund Committee in your area," the booklet said, "or whether in the absence of such a committee you are acting alone, one of your first contributions to the success of the campaign will be the preparation of a prospect list of investors who can and should purchase some of the securities offered by the Treasury."

Prospect List

Such a list of prospects should include, the booklet stated, individual investors, whether or not they have bought their quotas of United States Savings Bonds, who may be prospects for other Treasury issues; counties, various school funds, pension funds, and other sinking funds; cities, towns and villages; school districts, endowed institutions, universities, colleges, hospitals, religious institutions; insurance companies

(Continued on page 93)



F. W. Simmonds



W. B. French

New Duties for Some Members Are Announced by Stonier

Dr. Harold Stonier, executive manager of the American Bankers Association, has announced several staff promotions and reassignments of work effective as of Jan. 1.

Senior Deputy Manager Frank W. Simmonds has relinquished the posts of secretary of the Bank Management Commission, National Defense Loans Committee, State Bank Division and State Secretaries Section so that he may devote more time to working with the executive manager and other A.B.A. officers on matters of policy and general administration.

Mr. Simmonds' former assignments have been assumed by other members of the staff, as follows:

Deputy Manager Walter B. French, manager of the Consumer Credit Department, adds to his duties general supervision over the Bank Management Commission and the State Bank Division, and will act as secretary of the National Defense Loans Committee.

Melvin C. Miller, formerly assistant secretary of the State Bank Division and of the Bank Management Commission, will be associated with Mr. French as secretary of both the division and the commission, and as assistant secretary, National War Loans Committee.

William T. Wilson, formerly assistant secretary of the State Secretaries Section, has been advanced to the secretaryship of that Section. He continues as secretary of the Public Education Committee.

Dr. Ernest M. Fisher, who for the past several years has carried on his work as director of Research Mortgage and Real Estate Finance from the Washington office of the A.B.A.,

(Continued on page 93)



E. M. Fisher

Agricultural Economist Joins Staff of Association as Aid to A. G. Brown

George Y. Jarvis of Arlington, Va., formerly an associate agricultural economist in the Division of Agricultural Finance, United States Department of Agriculture, joined the staff of the American Bankers Association on Jan. 1 as assistant to A. G. Brown, deputy manager in charge of the Agricultural Credit Department.

Mr. Jarvis, an alumnus of George Washington University and American University in Washington, D. C., has had a diversified career in agricultural economics and finance.

His interest in agricultural finance really began in his native state of California at the

age of 12, when he began working on fruit farms, in canneries and packing sheds during summer vacations. During his high school days he gathered valuable information from his father, Orin W. Jarvis, who, from 1926 to 1929, was chairman of the agricultural committee, California Bankers Association.

From 1933 to 1935 Mr. Jarvis worked in the office of the Comptroller of the Currency in connection with liquidation and reorganization of closed banks.

After transferring to the Division of Agricultural Finance, Mr. Jarvis participated in studies on the causes of country banking difficulties.



J. E. Drew



William Powers



P. F. Cadman



W. A. Irwin

A.B.A. Staff Changes Announced

(Continued from page 84)

has been appointed a deputy manager of the A.B.A. In addition to continuing his mortgage research and real estate finance work, he will have general supervision over the Savings Division, succeeding W. E. Albig, whose retirement on January 1 was announced in December BANKING.

William Powers, director of the Department of Personnel and Customer Relations, became a deputy manager.

J. E. Drew, secretary of the Public Relations Council, was made a deputy manager and adds the secretaryship of the Association's Ration Banking Committee to his duties.

J. R. Dunkerley has been advanced from assistant secretary to secretary of the Savings Division and will work closely with Dr. Fisher on savings matters. Mr. Dunkerley also moved up from assistant secretary to secretary of the Membership Committee.

Cadman and Irwin Get New Duties

Dr. Paul F. Cadman, economist, director of the Research Council, and secretary of the Economic Policy Commission, has taken over the secretaryship of the Commerce and Marine Commission, and Dr. William A. Irwin, educational director of the American Institute of Banking and assistant director of The Graduate School of Banking, has assumed the secretaryship of the Foundation for Education in Economics. The new posts taken over by Dr. Cadman and Dr. Irwin formerly were held by Mr. Albig.



W. T. Wilson



M. C. Miller



J. R. Dunkerley

War Fund Drive

(Continued from page 84)

— life, casualty and fire; labor organizations, service groups, fraternal organizations; corporations which may have idle cash available that cannot be used for the present in the normal course of business, and small businesses having war contracts which may have produced funds for investment.

In areas where prospects discovered by the banks were so numerous that they cannot all be contacted by the bankers themselves, the banks were urged to call on the district Victory Fund Committee headquarters for assistance.

"V" Loans Booklet Revised by A.B.A.

The A.B.A. Bank Management Commission announces a revision of Bulletin No. 85 interpreting Regulation V of the Federal Reserve Board covering government-guaranteed loans to war industries.

The Government's guaranty agreement was recently revised to include 15 new provisions, which are now in the bulletin.

A.I.B. Plans Abbreviated '43

Chicago Convention, June 9-10

The American Institute of Banking is holding its 41st annual convention at Chicago, June 9 and 10, 1943.

President David E. Simms, in announcing the decision of the Institute's executive council to have a convention lasting only a day and a half, said the purpose of the gathering was to transact essential business and to elect officers. This follows the precedent of World War I, when the A.I.B. had a one-day meeting in Chicago.

Each chapter and study group has been requested to limit its representation to a single delegate having full authority to cast the number of votes to which it is entitled. Thus the Institute will be co-operating with the Office of Defense Transportation by curtailing the travel of delegates.

In voting to hold an abbreviated annual meeting, the council acted with the authority vested in it by resolutions adopted at the 1942 annual convention in New Orleans.

The convention program provides for a single business ses-

sion, a chapter administration conference, an educational conference, election of officers, and the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes. The tentative program is as follows:

MONDAY, JUNE 9, 1943

Morning—Open.

Afternoon—Chapter administration conference starting with a luncheon.

Evening—National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes; nominating speeches; presentation of candidates.

TUESDAY, JUNE 10, 1943

Morning—General business session, including election of officers.

Afternoon—Educational conference starting with a luncheon.

The annual mid-winter meeting of the Executive Council of the American Institute of Banking will be held at the Pere Marquette Hotel in Peoria, Ill., Jan. 18 and 19.

421 Banks' War Loans Show Big Rise in Quarter

\$856,000,000 Gain in A.B.A. Survey

More than \$5,000,000,000 of war production loans and commitments by 421 of the nation's larger banks were outstanding on Sept. 30, according to the quarterly report of war lending activity prepared by the American Bankers Association.

The survey shows that bank loans and commitments for financing the manufacture of armaments and war supplies increased \$856,000,000 during the third quarter of the year.

Of the \$5,035,000,000 of total loans and commitments outstanding at the end of that period, \$1,049,000,000 was for the construction of war plants and factories, and \$3,986,000,000 for the purchase of raw materials and plant equipment for war production.

That the volume of these war loans negotiated by the banks and used by borrowers is constantly on the increase is indicated by the following figures, which show the disbursement of war loans by the banks for each quarter of 1942:

Jan.-Mar., 38,000 loans totaling \$1,408,000,000; Mar.-June, 57,000 loans totaling \$1,986,000,000; June-Sept., 66,000 loans totaling \$2,300,000,000.

The total on Sept. 30 includes not only the \$2,300,000,000 of loans made during the third quarter of 1942, but also all previous war production loans that were still in use and

203 Members Added to A.B.A. in Year's First Quarter

The American Bankers Association obtained 203 new members in the first three months of its year, compared with 182 in the comparable period a year ago.

The high mark in memberships for November was set by Missouri with seven. Leo D. Kelly is state vice-president there and Membership Committeeman R. L. Dominick is in charge of the area.

Illinois, where John H. Crocker is state vice-president, tied with Iowa, Kansas and Minnesota, where the state vice-presidents, R. R. Rollins, A. W. Kincade and N. A. Welle, each obtained five members.

Ten states are 100 per cent in membership: Florida, Idaho, Wyoming, Arizona, Nevada, New Mexico, Utah, Louisiana, Oklahoma and District of Columbia.

unrepaid by borrowers as of that date.

Of the total outstanding, only 32 per cent were made with assignment of government war contracts as security for the loans.

Most Loans Not Guaranteed

According to the Federal Reserve Bulletin, outstanding guaranteed loans and commitments for all member banks in the country amounted to \$659,000,000 on Sept. 30. This indicates that the greater portion of bank loans for war production purposes are not guaranteed.

Questionnaires covering future surveys will be simplified, according to Deputy Manager Walter B. French, and more banks will be invited to participate in the survey. This decision was made, Mr. French explained, for the reason that after the war it may be advantageous for the banks of the nation to have statistics showing to what extent they participated in financing a major part of the war effort without any government guarantee.

Plan Wartime Trust Conference

A Wartime Conference on Trust Problems will be held in New York, Feb. 9-11, under the auspices of the Trust Division, American Bankers Association.

"There will be five sessions of the conference devoted chiefly to problems which are created or magnified in importance by the war," President L. S. Headley stated. "Trust institutions have special responsibilities here at home. They are serving many dependents whose chief support has been removed. They are serving men with property (and their families) who are in the armed forces or in war work. Trust institutions have a large part to play in protecting property and in providing security on the home front."

"Methods of serving these people better under difficult war conditions, and the larger problem of preserving values in a time of world disorder will be the theme of our conference."

Banks Like New A.B.A. Form for Money Orders

Public Relations Value Is Stressed

A favorable reception greeted the Bank Management Commission's recommended bank money order, according to William A. McDonnell, Commission chairman and executive vice-president, Commercial National Bank of Little Rock, Ark.

"The approval given the new uniform money order form by bankers in all parts of the country," Mr. McDonnell said, "indicates their recognition of its public relations value to the banks. Adoption of a bank money order, uniform as to size, color and style throughout the country, would bring the banking system advertising benefits comparable with those derived by the banks through their leadership in the sale of War Bonds and Stamps."

"Workers who have never had occasion to use bank services before would be drawn into the banks and once on the inside would gradually become educated to the many ways in which banks are serving their communities. This could have but one result: more customers and more friends for the banks."

"Bank check suppliers, as well as the banks, have shown a readiness to cooperate in adhering to the specifications suggested by the Bank Management Commission. I can truthfully say that the response from all sides has been excellent."

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

Feb. 9-11 Wartime Conference on Trust Problems, Waldorf-Astoria, New York
June 9-10 American Institute of Banking, Chicago

State Associations

Jan. 18 New York, Mid-Winter Meeting, Federal Reserve Bank, New York City

Jan. 21 Connecticut, Annual Mid-Winter Banquet, Hotel Taft, New Haven
May 25-27 Texas, Ft. Worth
June 16-18 Minnesota, Hotel Nicollet, Minneapolis (tentative)
June 23-24 Wisconsin, Milwaukee

Other Organizations

May 21 Savings Banks Association of New Hampshire, Manchester (tentative)

Your Manpower Problem and RATION COUPON BANKING

You'll need a simple system to handle Coupon Banking. A system that the new employee can grasp in a moment. A plan that will permit *fast* posting, quick reference. And a system that is inexpensive, that will require no heavy investment in difficult-to-obtain equipment, that will not burden existing equipment already taxed to its limit.

That's why we think you'll be interested in Remington Rand's Kardex solution.



HERE'S HOW THE KARDEX PLAN WORKS. A simple Kardex ledger record is created. It's a foldover form that provides an automatic carboned duplicate. Since no dollar values are used, and since bookkeeping machine time is scarce, the Kardex record is pen-posted. You eliminate time-consuming machine operations that require specially trained clerks.

Each account will have its own card, visibly indexed in a Kardex cabinet. These cards will carry five columns—1. Date. 2. Item (stamps or draft). 3. Credit. 4. Debit 5. Balance.

Posting and proof procedure will be equally simple to manage.

- List and add all deposits of stamps.
- List and add all commodity checks.
- Post the ledger record, and signal it.
- To prove affected account—List old balances and list new balances of all accounts posted. (Difference between old and new balances will equal the difference between deposits and

withdrawals and prove that correct amounts were posted and new balances accurately computed.



A SWIFT REFERENCE MEDIA. All too frequently you will have inquiries for the balance of a particular account. Just as Kardex' exclusive visible index permits swift posting, so does it accelerate reference operation. A Kardex record can be consulted in a fraction of the time required to refer to a loose-leaf or vertical card record.

WHAT'S more, at month's end you simply detach the original of your duplicate record and send it to your account in a statement envelope. Your job is done!



YOU CAN OBTAIN KARDEX IMMEDIATELY. Kardex equipment is now available in precisely-engineered *wood* cabinets. Delivery and priority problems will not trouble you. What's more, you'll find these war-born cabinets are built for *permanent* use. They'll perform, under pressure, with the same efficiency and speed that Kardex has always produced. A complete line of wood ledger equipment for machine-posted and vertically filed records is also available.

If you would like to see and hear the full details of Kardex for Coupon Banking, just phone your nearest Remington Rand Systems Office, or drop us a note in Buffalo. We'll answer promptly. No obligation, of course.



REMINGTON RAND

BANK DEPARTMENT—BUFFALO, NEW YORK

Finding People for Bank Work

WILLIAM POWERS

Deputy Manager POWERS is Director of Customer and Personnel Relations, American Bankers Association.

MANPOWER is a big question in bank operation today. The A.B.A. has been working on the problem for several months and has been proceeding with a program which has proved of practical assistance to member banks in meeting the difficulties arising from the mounting loss of trained personnel.

The program has consisted of a series of one-day personnel clinics held in various sections of the country. The facts used as a basis for discussions in these clinics were gathered through a national survey completed in September 1942. To indicate the nature and scope of the personnel data used, here, briefly, are some of the results.

The 1,095 reporting banks employed 112,174 men and women a year ago, approximately 40 per cent of the 280,000 bank staff members in the entire country. During the 12 months under review, these banks lost 31,939 men and women to military service, to war industry, and for other reasons. The total loss of trained employees reflected an average turnover of 30 per cent.

THE 37,432 replacement and additional employees hired by the reporting banks came from these sources:

High schools, 47 per cent; business colleges, 12 per cent; universities, 5 per cent; other banks, 3 per cent; other businesses, 25 per cent; former employees (married or retired), 4 per cent; non-business groups (housewives et al.) 4 per cent.

Since only a few banks said they were having difficulty in obtaining a sufficient number of new employees from these sources, it would seem that the replacement problem is qualitative and not quantitative in nature. However, a moment's study of the percentage figures and a simple testing of them against possible developments in the next six months indicate that quantity as well as quality of new manpower will be difficult.

The salary scales now in effect are, on the average, about 10 per cent above those prevailing a year ago. A small number of the banks showed no increase. The remainder showed increases ranging up to 15 per cent.

About one third of the reporting banks, 360 to be exact, stated that they had cost-of-living bonus plans in operation. Most of the plans were inaugurated in the Fall of 1941 and included all staff members except those in the high salary brackets. The extra compensation ranges from 2 per cent to 13½ per cent of base salaries, and the payments are made quarterly.

Recurring overtime of significant amount was reported by 532 of the surveyed banks. The methods of rate-figuring followed by the banks vary considerably. A number of them pay what they call "full time and a half." They divide the employee's annual salary by 52

A.B.A. personnel clinics were held last Fall and early Winter in Boston, Cleveland, Chicago, Minneapolis, Kansas City, St. Louis, Dallas, Atlanta, Richmond, Philadelphia, and New York. Here are some statistics on the series.

Fifty-seven experts participated in the clinics as panel members, and 1,405 personnel and operating officers (representing approximately 124,000 bank staff members employed in 952 banks in 547 towns and cities) attended. The officers present represented about 54 per cent of the total number of bank employees in the territory covered by the clinics.

and divide the result by 40. This, by their method, establishes a fixed hourly rate and one and a half times this amount is paid for each hour worked over 40.

Ten hundred forty-three banks reported that 7 per cent of their 106,700 staff members were devoting all or a major part of their time to the sale and delivery of War Bonds and Stamps. If this percentage holds true throughout all the banks in the country, it would appear that the banking system has approximately 20,000 employees engaged for the most part in selling government securities. This great expenditure of manpower is contributed to the war effort by the banks without cost to the Government.

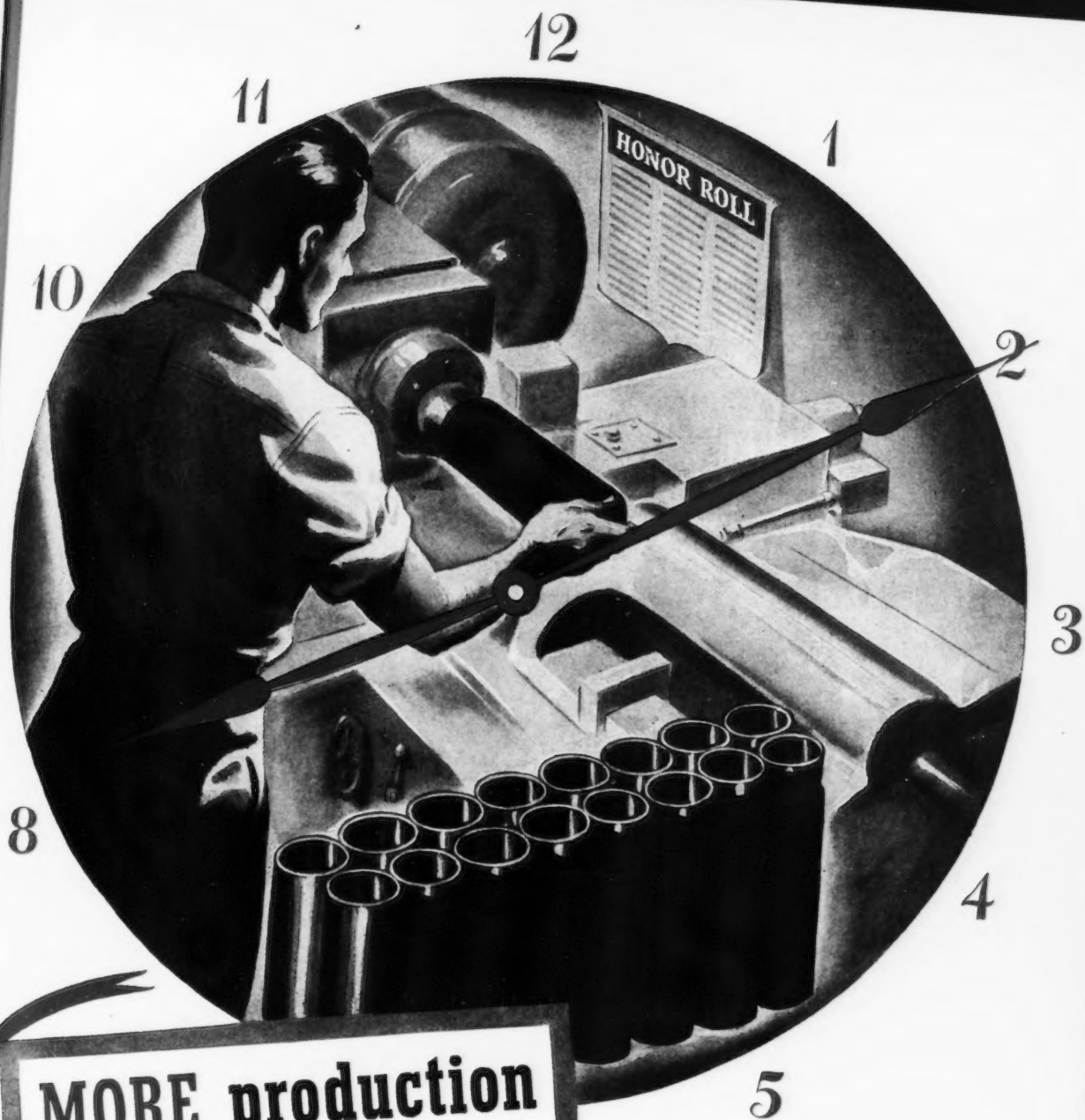
764 banks, with 57,075 male employees, reported that 29,000 of their men were subject to military service.

967 banks reported that 9,549 of their former male employees were in military service. Only 10 per cent of the bank employees who enlisted or were drafted proved to be physically unfit.

USING these facts for a conservative conclusion, it would appear that the banking system as a whole has lost over 70,000 of its trained employees in the past year and that before the end of 1943, our banks will lose through draft to military service and through drift to other activities 100,000 more of their staff members.

Finding and training 100,000 employee replacements before the end of 1943 is one of the most difficult problems confronting the management of the banks. To help them solve this problem we have, through the medium of personnel clinics, attempted to tap the experience of men who have been living under abnormal conditions in their own banks during recent months. From their actual experiences we have drawn opinions, ideas, suggestions, and methods that can be used to advantage by other banks.

When the series of meetings is completed, we shall write a brief of all the important discussions that took place and make it available to all A.B.A. members.



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Scrap, rubber and aluminum salvage has played a big part in speeding up war production while liquidation of other surplus inventories has lagged shamefully.

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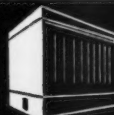
We will pay highest prices permitted by OPA for your surplus stock inventory of items listed above. Take advantage of this opportunity—turn frozen, dormant stocks into cash—convert idle space into productive space—help reduce serious war shortages.

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